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

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**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

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Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to §240.14a-12

**Hercules Capital, Inc.**

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.  
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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April 27, 2021

Dear Stockholder:

You are cordially invited to attend the 2021 Annual Meeting of Stockholders of Hercules Capital, Inc., which will be held virtually on Thursday, June 24, 2021 at 9:00 a.m. (Pacific Time). The annual meeting can be accessed by visiting [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021), where you will be able to listen to the meeting live, submit questions, and vote online.

Details regarding the business to be conducted at the annual meeting are more fully described in the accompanying notice of annual meeting and proxy statement.

Your vote is very important. Whether or not you plan to attend the virtual meeting, please cast your vote as soon as possible by Internet, by QR Code, by telephone, or by completing and returning the enclosed proxy card in the postage-prepaid envelope to ensure that your shares will be represented. For shares held in "street name," please follow the relevant instructions for telephone and Internet voting provided by your broker, bank or other nominee. Returning the proxy does not deprive you of your right to attend the virtual meeting and to vote your shares at the virtual meeting.

Your continuing support of Hercules is very much appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Bluestein", with a long, sweeping horizontal line extending to the right.

Scott Bluestein  
Chief Executive Officer  
Chief Investment Officer

# Hercules

C A P I T A L

400 Hamilton Avenue, Suite 310  
Palo Alto, California 94301  
(650) 289-3060

## NOTICE OF 2021 ANNUAL MEETING OF STOCKHOLDERS HERCULES CAPITAL, INC.

**Time** 9:00 a.m., Pacific Time

**Date** June 24, 2021

**Place** Virtually at [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021)

Please have your 16-Digit Control Number to join the annual meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted on [www.proxyvote.com](http://www.proxyvote.com).

- Purpose**
1. Elect three directors who will serve for the term specified in the Proxy Statement.
  2. Approve, on an advisory basis, the compensation of the Company's named executive officers.
  3. Ratify the selection of PricewaterhouseCoopers LLP to serve as our independent public accounting firm for the year ending December 31, 2021.
  4. Transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

**Record Date** You have the right to receive notice of and to vote at the annual meeting if you were a stockholder of record at the close of business on April 23, 2021. We plan to begin mailing this Proxy Statement on or about April 30, 2021 to all stockholders entitled to vote their shares at the annual meeting.

**Voting by Proxy** Please submit a proxy card or, for shares held in "street name," voting instruction form as soon as possible so your shares can be voted at the virtual meeting. You may submit your proxy card or voting instruction form by mail. If you are a registered stockholder, you may also vote electronically by telephone or over the Internet by following the instructions included with your proxy card. If your shares are held in "street name," you will receive instructions for voting of shares from your broker, bank or other nominee, which may permit telephone or Internet voting. Follow the instructions on the voting instruction form that you receive from your broker, bank or other nominee to ensure that your shares are properly voted at the annual meeting.

The enclosed Proxy Statement is also available at [www.proxyvote.com](http://www.proxyvote.com). This website also includes copies of the proxy card and our annual report to stockholders. Stockholders may request a copy of the Proxy Statement and our annual report by contacting our main office at (650) 289-3060.

By Order of the Board,



General Counsel, Chief Compliance  
Officer and Secretary

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## SUMMARY INFORMATION

***This summary provides highlights about Hercules Capital, Inc., and information contained elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider when deciding how to vote your shares. The “Company,” “Hercules,” “HTGC,” “we,” “us” and “our” refer to Hercules Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts.***

### ABOUT HERCULES AND 2020 FINANCIAL HIGHLIGHTS

We are a specialty finance company focused on providing senior secured venture and growth stage loans to growth oriented, innovative venture capital and sponsor-backed companies in a variety of technology, life sciences and sustainable and renewable technology industries.

### 2020 PEER GROUP ANALYSIS

As of December 31, 2020, the Company generally outperformed most of its Peer Group (defined on page 30) over a one-, three- and five-year period in both financial efficiencies measured using Return on Average Assets (“ROAA”), Return on Equity (“ROE”), Return on Investment Capital (“ROIC”), as well as using the market measure Average Annual Shareholder Return (“AASR”):

Performance Period	Return on Average Assets (excl. cash)		Return on Equity		Return on Invested Capital		Average Annual Shareholder Returns (“AASR”)	
	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group
<b>1-year</b>	5.8%	100%	11.5%	100%	5.9%	100%	15.1%	65%
<b>3-year</b>	5.8%	100%	11.5%	100%	5.9%	100%	14.5%	72%
<b>5-year</b>	5.8%	100%	11.3%	100%	6.0%	100%	14.3%	73%

–1-, 3- and 5-year calculations of performance are based on data as of December 31, 2020.

–Companies with less than three and/or less than five full years of historical financial and AASR performance are excluded.

–Financial Services peers are excluded from analysis of capital allocation because services companies are not as capital intensive as REITs and BDCs, which are primarily engaged in direct investment of firm capital.

–The data is from S&P Capital IQ and is not adjusted by F.W. Cook, which means the data may not reflect internal adjustments regularly made by Hercules or by the peer companies when assessing their performance.

### VOTING MATTERS AND RECOMMENDATIONS

<u>Agenda Items</u>	<u>Board Vote Recommendation</u>	<u>Page Reference (for more detail)</u>
1. To elect three directors who will serve for the term specified in the Proxy Statement.	FOR	8
2. Approve, on an advisory basis, the compensation of the Company’s named executive officers.	FOR	46
3. To ratify the selection of PricewaterhouseCoopers LLP (“PwC”) to serve as our independent public accounting firm for the fiscal year ending December 31, 2021.	FOR	48

## BOARD NOMINEES

Name	Age	Director Since	Independent <sup>(1)</sup>	Board Committee Members		
				AC	CC	NCGC
Gayle Crowell	70	2019			C	
Thomas J. Fallon	59	2014				X
Brad Koenig	62	2017		X	X	

AC = Audit Committee CC = Compensation Committee NCGC = Nominating and Corporate Governance Committee

M = Member C = Committee Chairman

(1) Under the rules and regulations of the SEC and the listing standards of New York Stock Exchange ("NYSE").

## CORPORATE GOVERNANCE HIGHLIGHTS

- *Board Independence:* Independent directors comprise the majority of our board of directors ("Board") (7 out of 8 directors).
- *Chairman:* Our Board is led by an independent Chairman who manages the Board's responsibilities.
- *Board Committee:* All of members of our Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee ("Governance Committee") are independent directors.
- *Board Accountability:* Our Board and its committees conduct scheduled meetings in executive session, out of the presence of our chief executive officer.
- *Risk Management:* Our Board and its committees remain in close contact with, and receive reports on various aspects of our business from, our senior management team and independent auditors.
- The "Corporate Governance" section of this Proxy Statement provides further information about our corporate governance practices, Board structure and Board committees.

## EXECUTIVE COMPENSATION (Say-on-Pay)

Consistent with our Board's recommendation and our stockholders' preference, we submit an advisory vote to approve our executive compensation (otherwise known as "say-on-pay") on an annual basis. Accordingly, we are seeking your approval, on an advisory basis, of the compensation for our NEOs, as further described in the "Compensation Discussion and Analysis" section of this Proxy Statement. In 2020, stockholders voted 88.95% in favor of Say-on-Pay.

## 2020 EXECUTIVE COMPENSATION HIGHLIGHTS

For a summary of our 2020 executive compensation and key features of our executive compensation programs, please refer to the Executive Summary of the "Compensation Discussion and Analysis" section of this Proxy Statement on page 26.

## AUDITOR MATTERS

We are seeking your ratification of PwC as our independent public accounting firm for the 2021 fiscal year. The following table summarizes the fees billed by PwC for the fiscal year ending December 31, 2020 (please refer to the proposal on page 48):

	2020 (in millions)
Audit Fees .....	\$1.1
Audit-Related Fees .....	\$ —
Tax Fees .....	\$0.1
All Other Fee .....	<u>\$0.2</u>
Total .....	<u>\$1.4</u>

For 2020, 78.6% of the 2020 fees represented audit and audit-related fees.

## HERCULES CAPITAL DELIVERED RECORD FINANCIAL PERFORMANCE FOR 2020

Our success is a testament to the strength of our team's capabilities, our disciplined credit selection, robust liquidity, and the scale and strength of our platform and brand recognition as the largest BDC venture lender.

**\$1.19B**

Debt and Equity Commitments

**\$761.2M**

Total Gross Fundings

**\$2.62B**

Record Total Assets

**\$2.32B**

Total Investments at Cost

**\$287.3M**

Record Total Investment Income

UP 7.2%

**\$157.1M**

Record Net Investment Income

UP 9.7%

**13.8%**

Return on Average Equity  
Q4 2020

**6.6%**

Return on Average Assets  
Q4 2020

**\$11.26**

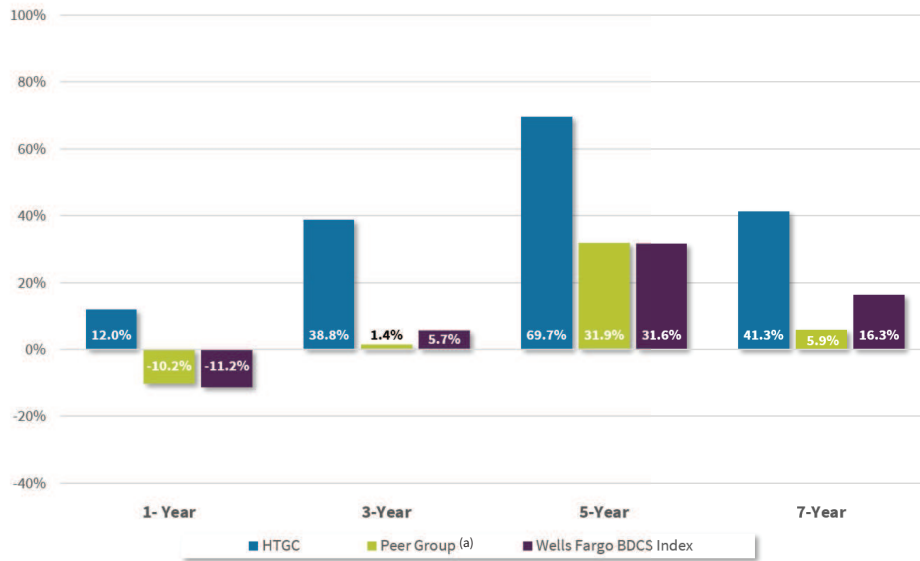
Net Asset Value per Share

UP 6.7%

## DELIVERING STRONG LONG-TERM SHAREHOLDER RETURNS

Our disciplined “slow and steady” growth strategy and unwavering commitment to high-quality credit underwriting continues to deliver strong, sustainable, and outstanding shareholder returns.

### Total Shareholder Return (TSR) vs. BDC Peers & Wells Fargo BDCS Index








(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, FCRD, TSLX  
 (b) TSR is defined as stock appreciation plus distributed dividend distributions  
 Source: S&P Capital IQ as of December 31, 2020



## GENERAL INFORMATION

For general information regarding our Proxy Statement, please review the questions and answers at the end of our Proxy Statement. For questions in which you require additional information, please call us at (650) 600-5405 or send an e-mail to Melanie Grace, Secretary, at [mgrace@htgc.com](mailto:mgrace@htgc.com).

You may authorize a proxy to cast your vote in any of the following ways:

				
<p><b>Internet</b></p> <p>Visit <a href="http://www.proxyvote.com">www.proxyvote.com</a>. You will need the 16-digit control number included in the proxy card, voter instruction card or notice.</p>	<p><b>QR Code</b></p> <p>You can scan the QR Code on your proxy card to vote with your mobile phone.</p>	<p><b>Phone</b></p> <p>Call 1-800-690-6903 or the number on your voter instruction form. You will need the control number included in your proxy card.</p>	<p><b>Mail</b></p> <p>Send your completed and signed proxy card or voter instruction form to the address on your proxy card or voter instruction form.</p>	<p><b>In Person</b></p> <p>Attend the virtual meeting in person.</p> <p>Please have your 16-Digit Control Number to join the annual meeting. Instructions on how to attend and participate via the Internet, including how to demonstrate proof of stock ownership, are posted on <a href="http://www.proxyvote.com">www.proxyvote.com</a></p>

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 22, 2021, the beneficial ownership of each current director, each nominee for director, our NEOs, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. Common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of April 22, 2021 are deemed to be outstanding and beneficially owned by the person holding such options or warrants. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of ownership is based on 115,743,245 shares of common stock outstanding as of April 22, 2021.

Unless otherwise indicated, to our knowledge, each stockholder listed below has sole voting and investment power with respect to the shares beneficially owned by the stockholder, except to the extent authority is shared by their spouses under applicable law. Unless otherwise indicated, the address of all executive officers and directors is c/o Hercules Capital, Inc., 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301.

Our directors are divided into two groups—interested directors and independent directors. Interested directors are “interested persons” as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the “1940 Act”), and independent directors are all other directors.

Name and Address of Beneficial Owner	Type of Ownership	Number of Shares Owned Beneficially <sup>(1)</sup>	Percentage of Class
<b>Interested Director</b>			
Scott Bluestein <sup>(2)</sup> .....	Record/Beneficial	1,038,209	*
<b>Independent Directors</b>			
Robert P. Badavas <sup>(3)</sup> .....	Record/Beneficial	142,452	*
Gayle Crowell <sup>(4)</sup> .....	Record/Beneficial	13,732	*
Thomas J. Fallon <sup>(5)</sup> .....	Record/Beneficial	59,937	*
Carol L. Foster <sup>(6)</sup> .....	Record/Beneficial	16,771	*
Joseph F. Hoffman <sup>(7)</sup> .....	Record/Beneficial	50,606	*
Brad Koenig <sup>(8)</sup> .....	Record/Beneficial	20,150	*
Doreen Woo Ho <sup>(9)</sup> .....	Record/Beneficial	23,188	*
<b>Other Named Executive Officers</b>			
Seth H. Meyer <sup>(10)</sup> .....	Record/Beneficial	170,866	*
Melanie Grace <sup>(11)</sup> .....	Record/Beneficial	82,332	*
<b>Executive officers and directors as a group (10 persons)<sup>(12)</sup> .....</b>			<b>1.4%</b>

(1) Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

(2) Includes 128,387 shares of vested deferred restricted stock and dividend equivalent shares and 432,982 shares of restricted common stock.

(3) Includes 15,000 shares of common stock that can be acquired upon the exercise of outstanding options and 5,499 shares of restricted common stock. 121,953 shares are held of record by the Robert P. Badavas Trust of 2007, and Mr. Badavas disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(4) Includes 1,439 shares of restricted common stock.

(5) Includes 10,000 shares of common stock that can be acquired upon the exercise of outstanding options. 49,937 shares are held of record by the Fallon Family Revocable Trust, and Mr. Fallon disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(6) Includes 5,499 shares of restricted common stock.

(7) Includes 10,000 shares of common stock that can be acquired upon the exercise of outstanding options and 3,070 shares of restricted common stock. 37,536 shares are held of record by the Hoffman Trust, and Mr. Hoffman disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(8) 16,391 shares are held of record by the Koenig Family 1994 Trust, and Mr. Koenig disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(9) Includes 3,070 shares of restricted common stock.

(10) Includes 132,169 shares of restricted common stock.

(11) Includes 17,915 shares of vested deferred restricted stock and dividend equivalents and 15,614 shares of restricted common stock.

(12) Includes 35,000 shares of common stock that can be acquired upon the exercise of outstanding options, 146,302 shares of vested deferred restricted stock and dividend equivalent shares and 599,342 shares of restricted common stock.

\* Less than 1%.

The following table sets forth as of April 22, 2021, the dollar range of our securities owned by our directors and executive officers.

<u>Name</u>	<u>Dollar Range of Equity Securities Beneficially Owned</u>
<b><i>Interested Director</i></b>	
Scott Bluestein .....	Over \$100,000
<b><i>Independent Directors</i></b>	
Robert P. Badavas .....	Over \$100,000
Gayle Crowell .....	Over \$100,000
Thomas J. Fallon .....	Over \$100,000
Carol L. Foster .....	Over \$100,000
Joseph F. Hoffman .....	Over \$100,000
Brad Koenig .....	Over \$100,000
Doreen Woo Ho .....	Over \$100,000
<b><i>Other Named Executive Officers</i></b>	
Seth H. Meyer .....	Over \$100,000
Melanie Grace .....	Over \$100,000

## PROPOSAL 1: ELECTION OF DIRECTORS

The Board unanimously recommends that you vote FOR the nominees for director  
(Item 1 on your proxy card)

### General

The Board currently consists of eight directors and is divided into three classes. Each director serves until the third annual meeting following his or her election and until his or her successor is duly elected and qualifies. Our Class II directors, whose terms expire at the annual meeting, are Gayle Crowell, Thomas J. Fallon and Brad Koenig. The nomination of Ms. Gayle Crowell, Mr. Thomas J. Fallon, and Mr. Brad Koenig to stand for election at the annual meeting has been recommended by the Governance Committee and has been approved by the Board. Ms. Crowell and Messrs. Fallon, and Koenig, if elected, each will serve for a three-year term expiring at the 2024 Annual Meeting of Stockholders, and until their successor is duly elected and qualifies, or until their earlier death, resignation or removal from the Board.

Ms. Crowell and Messrs. Fallon and Koenig are not being nominated as a director for election pursuant to any agreement or understanding between such person and Hercules. Ms. Crowell and Messrs. Fallon and Koenig have indicated their willingness to continue to serve if elected and have consented to be named as nominees. Each of Ms. Crowell and Messrs. Fallon and Koenig is not an “interested person” of Hercules, as such term is defined under the 1940 Act.

### Director Qualifications

The Board recognizes that it is important to assemble a body of directors that, taken together, has the skills, qualifications, experience and attributes appropriate for functioning as a Board, and working with management, effectively. The Governance Committee is responsible for maintaining a well-rounded and diverse Board that has the requisite range of skills and qualifications to oversee the Company effectively. Our Board believes in the value of diversity and ensures that its composition reflects a mix of members representing various backgrounds, industries, skills, professional experiences, genders, races, and ethnicities. The Board complies with all rules and regulations while striving to always do what it believes is right irrespective of any law or regulation. The diversity of background and experience also includes ensuring that the Board comprises individuals with experience or skills sufficient to meet the requirements of the various rules and regulations of the NYSE and the SEC, such as the requirements to have a majority of independent directors and an Audit Committee Financial Expert. However, in light of our business, the primary areas of experience and qualifications sought by the Governance Committee in incumbent and director candidates include, but are not limited to, the following:

- **Client Industries**—Experience with venture capital-backed companies in general, and our specific portfolio company industries – technology, life sciences, middle market, and sustainable and renewable technology.
- **Banking/Financial Services**—Experience with commercial or investment banking, mutual fund, or other financial services industries, including regulatory experience and specific knowledge of the Securities Act of 1933, as amended (the “Securities Act”).
- **Leadership/Strategy**—Experience as a CEO, COO, President, CFO, or significant division manager responsible for leading a large team and establishing and executing successful business strategies.
- **Finance, IT and Other Business Operations**—Experience related to finance, accounting, IT, treasury, human resources, or other key business processes.
- **Enterprise Risk Management**—Experience with enterprise risk management processes and functions.
- **Governance**—Experience with corporate governance issues, particularly in publicly-traded companies.
- **Strategic Planning**—Experience with senior executive-level strategic planning for publicly-traded companies, private companies, and non-profit entities.
- **Mergers and Acquisitions**—Experience with public and private mergers and acquisitions, both in identifying and evaluating potential targets, as well as post-acquisition integration activities.

For each director, we have highlighted certain key areas of experience that qualify him or her to serve on the Board in each of their respective biographies below beginning on page 10.

A stockholder can vote for or withhold his, her or its vote for the nominees. **In the absence of instructions to the contrary, it is the intention of the persons named as proxies to vote such proxy FOR the election of each of the nominees named in this Proxy Statement. If any nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of the person nominated by our Board as a replacement.** Our Board has no reason to believe that the nominees will be unable or unwilling to serve.

## **Required Vote**

Since this is an uncontested election, directors will be elected by a majority of the votes cast at the annual meeting, in person virtually or by proxy, such that a nominee for director will be elected to the Board if the votes cast FOR the nominee's election exceed the votes cast AGAINST such nominee's election. Abstentions and broker non-votes are not counted as votes cast for purposes of the election of directors and, therefore, will have no effect on the outcome of such election. Stockholders may not cumulate their votes. Even if a director is not re-elected, he or she will remain in office as a director until the earlier of the acceptance by the Board of his or her resignation or his or her removal. If a director is not re-elected, the director is required to offer to resign from the Board. In that event, the Governance Committee will consider such offer to resign and make a recommendation to the Board who will then vote whether to accept the director's resignation in accordance with the procedures listed in our Corporate Governance Guidelines.

## **Broker Non-Votes**

**A broker non-vote is a vote that is not cast on a non-routine matter by a broker that is present (in person or by proxy) at the meeting because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner. Proposal 1 is a non-routine matter. As a result, if you hold shares in "street name" through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to exercise voting discretion with respect to Proposal 1, the election of directors. If you do not vote and you do not give your broker or other nominee specific instructions on how to vote for you, then your shares will have no effect on Proposal 1.**

## Information about the Directors and Executive Officers

For each director, we have highlighted certain key areas of experience that qualify him or her to serve on the Board in each of their respective biographies below.

<u>Name, Address, and Age<sup>(1)</sup></u>	<u>Position(s) held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Other Directorships Held by Director or Nominee for Director During the past 5 years<sup>(2)</sup></u>
<b>Independent Directors</b>				
Robert P. Badavas (68)	Director	Class I Director since 2006	Retired. Chairman and Chief Executive Officer of PlumChoice, provider of virtual technical services and support, from 2011-2016.	Constant Contact, Inc., an online marketing company, from 2007-2016.
Carol L. Foster (57)	Director	Class I Director since 2019	Former Chief Operating Officer and Chief Financial Officer of SharesPost, Inc., a leading provider of capital markets for securities of late-stage, venture-backed private companies and digital assets, from 2017-2019. President and Founder of CLF Advisors LLC from 2015-2017.	None.
Gayle Crowell (70)	Director	Class II Director since 2019	Former Senior Operating Consultant at Warburg Pincus, a global private equity firm focused on growth investing 2002-2019.	Investnet, a provider of integrated portfolio, practice management, and reporting solutions to financial advisors and institutions since 2016. Pliant Therapeutics, a clinical stage biopharmaceutical company that discovers, develops and commercializes novel therapies for the treatment of fibrosis since 2019.
Thomas J. Fallon (59)	Director	Class II Director since 2014	Former Chief Executive Officer of Infinera Corporation, manufacturer of high capacity optical transmission equipment, from 2010-2020.	Infinera Corporation since 2009.
Brad Koenig (62)	Director	Class II Director since 2017	Co-Chief Executive Officer of Apex Tech Acquisition, a blank check acquisition company or SPAC since 2019. Former Founder and Chief Executive Officer of FoodyDirect.com, an online marketplace that features foods from the top restaurants, bakeries and artisan purveyors around the country from 2011-2018 which was acquired by Goldbelly, Inc. in 2018.	GSV Capital Corporation, identifies and invests in rapidly growing late stage venture capital-backed private companies from 2015-2017. Apex Tech Acquisition Corp, a blank check acquisition company or SPAC since 2019.

<u>Name, Address, and Age<sup>(1)</sup></u>	<u>Position(s) held with Company</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Other Directorships Held by Director or Nominee for Director During the past 5 years<sup>(2)</sup></u>
Joseph F. Hoffman (72)	Director Nominee	Class III Director since 2015	Retired. SEC Reviewing Partner and Silicon Valley Professional for KPMG from 1998-2009.	None.
Doreen Woo Ho (73)	Director Nominee	Class III Director since 2016	Commissioner of the San Francisco Port Commission since May, 2011 and served as President from 2012 to 2014.	U.S. Bancorp from 2012-2020.
<b>Interested Director</b> Scott Bluestein (42)	Director, Chief Executive Officer and Chief Investment Officer	Class III Director Since 2019	Chief Investment Officer of Hercules since 2014; Interim Chief Executive Officer from March 2019 to July 2019; Director and Chief Executive Officer since July 2019	None.

(1) The address for each officer and director is c/o Hercules Capital, Inc., 400 Hamilton Avenue., Suite 310, Palo Alto, California 94301.

(2) No director otherwise serves as a director of an investment company subject to the 1940 Act.

## Director Nominees Biographies

The biographical information for the director nominees is as follows:

### Gayle Crowell

**Board Committee:**

- Compensation

**Independent:**

Yes - Chairman

Ms. Crowell, 70, formerly served as Senior Operating Consultant at Warburg Pincus, a global private equity firm focused on growth investing from 2002 to 2019. She has served as a director on our Board since February 2019 and her term expires in 2021.

**Business****Experience:**

- President and CEO, RightPoint Software (acquired by E.piphany), developed customer relationship management software (1998-2000)
- Senior Vice President and General Manager, ViewStar (acquired by Mosaix), a network based process automation software encompassing workflow automation, document image processing and information management company (1994-1998)
- Group Director, Oracle Corporation, a computer technology corporation (1990-1992)
- Vice President of Sales, DSC, a networking company (1989-1990)
- Vice President of Sales, Cubix Corporation, a company that designs, engineers and manufactures computer hardware systems (1985-1989)

**Public****Directorships:**

- Investnet, a leading provider of integrated portfolio, practice management, and reporting solutions to financial advisors and institutions (since 2016)
- Pliant Therapeutics, a clinical stage biopharmaceutical company that discovers, develops and commercializes novel therapies for the treatment of fibrosis (since 2019)

**Private****Directorships:**

- Resman, a property management platform of owners, operators and investors across the multifamily, affordable and commercial real estate marketplaces (since 2020)
- GTreasury, an integrated digital treasury management platform that allows companies to manage liquidity risk, market risk, counter party and credit risk (since 2021)

**Prior****Directorships:**

- Dude Solutions, the leading provider of cloud-based operations management software to optimize facilities, assets and workflow (since 2014)
- MercuryGate, a developer of a transportation management system and offers a software that enables shippers, carriers, brokers, freight forwarders and third party logistics providers to plan, monitor and track shipments (2014-2018)
- Yodlee, the leading data aggregation and data analytics platform, helps consumers live better financial lives through innovative products and services delivered through financial institutions and FinTech companies (2002-2015)
- Coyote Logistics, a third-party logistics provider that combines a centralized marketplace with freight and transportation solutions to empower your business (2011-2015)
- SRS (2004-2013)
- TradeCard, a SaaS collaboration product that was designed to allow companies to manage their extended supply chains including tracking movement of goods and payments (2009-2013)

**Education:**

- Bachelor of Science from University of Nevada Reno

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**Skills/****Qualifications:**

Ms. Crowell's key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—significant experience in venture capital and technology
  - **Banking/Financial Services**—held a variety of key executive and management positions at large global financial institutions
  - **Leadership/Strategy**—extensive experience as a director and executive with broad operational experience in investments and finance
  - **Finance, IT and other Business Processes**—extensive experience in commercial lending, sales marketing as well as other key business processes
  - **Enterprise Risk Management**—experience in managing enterprise risk as CEO
  - **Governance**—experienced in both corporate governance and executive compensation for both public and private companies
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
  - **Mergers and Acquisitions**—experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities
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## Thomas J. Fallon

### Board Committee:

- Nominating

### Independent:

Yes

Mr. Fallon, 59, formally served as Chief Executive Officer of Infinera Corporation, a global supplier of innovative networking solutions, from 2010 to 2020). He has served as a director on our Board since July 2014 and his term expires in 2021.

- Business Experience:**
- Chief Executive Officer, Infinera Corporation (2010-2020)
  - Chief Operating Officer, Infinera Corporation (2006-2009)
  - Vice President of Engineering and Operations, Infinera Corporation (2004-2006)
- Other Business Experience:**
- Vice President, Corporate Quality and Development Operations of Cisco Systems, Inc. (2003-2004)
  - General Manager of Cisco Systems' Optical Transport Business Unit, VP Operations, VP Supply, various executive positions (1991-2003)
- Public Directorships:**
- Infinera Corporation, a global supplier of innovative networking solutions (since 2009)
- Prior Directorships:**
- Piccaro, a leading provider of solutions to measure greenhouse gas concentrations, trace gases and stable isotopes (2010-2016)
- Other Experience:**
- Member, Engineering Advisory Board of the University of Texas at Austin
  - Member, President's Development Board University of Texas
- Education:**
- Bachelor's degree in Mechanical Engineering from the University of Texas at Austin
  - Master's degree in Business Administration from the University of Texas at Austin

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### Skills/ Qualifications:

Mr. Fallon's key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—significant experience in venture capital and technology
  - **Leadership/Strategy**—extensive experience as a director and executive with broad operational experience in investments and finance
  - **Finance, IT and other Business Processes**—extensive experience in commercial lending, sales marketing as well as other key business processes
  - **Enterprise Risk Management**—experience in managing enterprise risk as CEO
  - **Governance**—experienced in both corporate governance and executive compensation for both public and private companies
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
  - **Mergers and Acquisitions**—experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities
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## Brad Koenig

### Board Committee:

- Audit
- Compensation

### Independent:

Yes

Mr. Koenig, 62, currently serves as Co-Chief Executive Officer of Apex Tech Acquisition Corp, a provider of managed IT services, and a member of its board of directors since 2019. He has served as a director on our Board since October 2017 and his term expires in 2021.

### Business Experience:

- Chief Executive Officer of FoodyDirect.com, an online marketplace that features foods from the top restaurants, bakeries and artisan purveyors around the country when the company was acquired by Goldbelly, Inc. (2011-2018)
- Head of Global Technology Investment Banking at Goldman Sachs, a leading global investment banking, securities and investment management firm (1990-2005)
- Co-Head of Global Technology, Media and Telecommunications at Goldman Sachs (2002-2005)

### Public Directorships:

- Apex Tech Acquisition Corp, a blank check acquisition company or SPAC (since 2019)

### Private Directorships:

- Theragenics Corporation, medical device company serving the surgical products and prostate cancer treatment markets (since 2013)

### Prior Directorships:

- GSV Capital Corporation, identifies and invests in rapidly growing late stage venture capital-backed private companies (2015-2017)
- EveryAction Software, the leading technology provider to Democratic and progressive campaigns and organizations, offering clients an integrated platform of the best fundraising, compliance, field, organizing, digital and social networking products (2009-2018)

### Other Experience:

- Adviser to Oak Hill Capital Management, a private equity firm

### Education:

- Bachelor's degree in Economics from Dartmouth College
- Master's degree in Business Administration from Harvard Business School

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### Skills/Qualifications:

Mr. Koenig's key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—significant experience in venture capital and technology
  - **Banking/Financial Services**—experience with banking, mutual funds, or other financial services industries, including regulatory experience and specific knowledge of the Securities Act
  - **Leadership/Strategy**—extensive experience as a director and executive in both public and private companies
  - **Governance**—experience as the chairman of the governance committee with corporate governance issues, particularly in a publicly-traded company
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
  - **Mergers and Acquisitions**—experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities
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## Independent Director Biographies

The biographical information for each of the independent directors is as follows:

### Robert P. Badavas

#### Board Committee:

- Audit

#### Independent:

Yes – Chairman

Mr. Badavas, 68, retired in August 2016 as Chairman and Chief Executive Officer of PlumChoice, a venture-backed technology, software and services company (since December 2011). He was appointed Interim Chairman of the Board in March 2019 and Chairman in July 2019. He has served as a director on our Board since March 2006. His term expires in 2023.

#### Business

##### Experience:

- President, Petros Ventures, Inc., a management and advisory services firm (2009-2011 and since 2016)
- President and Chief Executive Officer at TAC Worldwide, a multi-national technical workforce management and business services company (2005-2009)
- Executive Vice President and Chief Financial Officer, TAC Worldwide (2003-2005)
- Senior Partner and Chief Operating Officer, Atlas Venture, an international venture capital firm (2001-2003)
- Chief Executive Officer at Cerulean Technology, Inc., as venture capital backed wireless application software company (1995-2001)
- Certified Public Accountant, PwC (1974-1983)

#### Public

##### Directorships:

- Constant Contact, Inc., including chairman of the audit committee, a provider of email and other engagement marketing products and services for small and medium sized organizations, acquired by Endurance International Group Holdings, Inc. (2007-2016)

#### Private

##### Directorships:

- Polyvinyl Films, Inc., executive chairman, a leading manufacturer and distributor of food-grade film products for consumer, retail, and food-service markets worldwide (since 2019)

#### Prior

##### Directorships:

- PlumChoice, a venture-backed technology, software and services company
- Arivana, Inc., a telecommunications infrastructure company—publicly traded until its acquisition by SAC Capital
- On Technology, an IT software infrastructure company—publicly traded until its acquisition by Symantec
- Renaissance Worldwide; an IT services and solutions company—publicly traded until its acquisition by Aquent

#### Other

##### Experience:

- Trustee Emeritus, Bentley University (2005-2019); Board Chair (2018-2019); Vice Chair (2013-2018)
- Board of Trustees Executive Committee and Corporate Treasurer, Hellenic College/Holy Cross School of Theology (2002-2018)
- Trustee Emeritus, The Learning Center for the Deaf; Board Chair (1995-2005)
- Master Professional Director Certification, American College of Corporate Directors
- National Association of Corporate Directors
- Annunciation Greek Orthodox Cathedral of New England, Parish Council President (since 2016)

#### Education:

- Bachelor's degree in Accounting and Finance from Bentley University

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#### Skills/

##### Qualifications:

Mr. Badavas' key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—extensive experience in software, business and technology enabled services and venture capital
- **Leadership/Strategy**—significant experience as a senior corporate executive in private and public companies, including tenure as chief executive officer, chief financial officer and chief operating officer
- **Finance, IT and Other Business Strategy and Enterprise Risk Management**—prior experience as a CEO directing business strategy and as a CFO directing IT, financing and accounting, strategic alliances and human resources and evaluation of enterprise risk in such areas
- **Enterprise Risk Management**—experience in managing enterprise risk as CEO
- **Governance**—extensive experience as an executive and director of private and public companies with governance matters
- **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
- **Mergers and Acquisitions**—experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

## Carol L. Foster

### Board Committee:

- Audit
- Nominating

### Independent:

Yes

Ms. Foster, 57, formerly served as Chief Operating Officer and Chief Financial Officer of SharesPost, Inc., a leading provider of capital markets for securities of late-stage, venture-backed private companies and digital assets, from 2017 to 2019. She has served as a director on our Board since January 2019 and her term expires in 2023.

- Business Experience:**
- President, SP Investments Management, an SEC Registered Investment Advisor (2017-2019)
  - Principal Financial Officer, SharesPost 100 Fund, an SEC registered public fund (PRIVX) investing in the securities of venture-backed companies across multiple industry segments (2018-2019)
  - President and Founder, CLF Advisors LLC, an advisory and consulting firm (2012-2013 and 2015-2017)
  - Chief Financial Officer, PENSICO Trust Company, a tech-enabled financial services company that helps individuals use IRAs to invest in private equity, real estate, and other private assets (2013-2015)

- Other Business Experience:**
- Partner, Chief Financial Officer, Calera Capital LLC, a private equity firm (2004-2007)
  - Technology Investment Banking, Merrill Lynch & Co. (1995-2003)
  - Mergers & Acquisitions, Goldman Sachs (1992-1995)

- Non-Profit Leadership:**
- Sacred Heart Schools Atherton, Audit and Risk Committee Member (since 2017)
  - Oakland Lacrosse, an organization providing the youth of Oakland sports training, leadership development, academic advocacy and wellness education
    - Board of Directors (since 2020)
    - Advisory Council (2019-2020)
  - Tufts University Parents Leadership Council, Member (since 2020)

- Education:**
- Bachelor of Science from Southern Methodist University
  - Master's in Business Administration from Columbia University Graduate School of Business

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### Skills/ Qualifications:

Ms. Foster's key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—significant experience in venture capital and technology
  - **Banking/Financial Services**—held a variety of key executive and management positions at global financial institutions. Extensive experience across multiple sectors including alternative assets, investment management, brokerage and investment banking
  - **Leadership/Strategy**—significant experience as a director and executive with broad operational experience in financial services
  - **Finance, IT and other Business Processes**—extensive experience as a CFO directing finance, accounting, treasury and human resources
  - **Enterprise Risk Management**—experience in managing enterprise risk for financial services companies as a CFO
  - **Governance**—experience in corporate governance on public board
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
  - **Mergers and Acquisitions**—experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities
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## Joseph F. Hoffman

### Board Committee:

- Audit, *Chair*
- Nominating

### Independent:

Yes

Mr. Hoffman, 72, is retired from KPMG LLP after 26 years as a partner and senior executive. He has served as a director on our Board since April 2015 and his term expires in 2022.

- Business Experience:**
- SEC Reviewing Partner and Silicon Valley Professional Practice Partner, KPMG LLP (1998-2009)
  - Audit Partner and Business Unit Partner in Charge, KPMG LLP (1983-1998)

- Private Directorships:**
- LiveOps, Inc., a call center services company (since 2013)
  - KPMG LLP, an audit, tax, and advisory professional services firm. (2005-2009)

- Audit Committees:**
- LiveOps, Inc. (since 2013)
  - KPMG LLP (2005-2009)
  - Willamette University (since 2014)

- Non-Profit Leadership:**
- Board of Trustees, Willamette University (since 2011)

- Memberships:**
- California Society of Certified Public Accountants
  - National Association of Corporate Directors
  - American College of Corporate Directors
  - Association of Governing Boards of Universities and Colleges

- Education:**
- Bachelor's degree in Mathematics and Economics, Willamette University
  - Master's degree in Business Administration, Stanford Graduate School of Business
  - Certified public accountant, State of California

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**Skills/Qualifications:** Mr. Hoffman's key areas of skill/qualifications include, but are not limited to:

- **Client Industries**—extensive experience in the technology, manufacturing, and financial services industries
  - **Banking/Financial Services**—held a variety of key executive and management positions at large global financial institutions
  - **Leadership/Strategy**-significant experience as a business executive and director
  - **Finance and Enterprise Risk Management**—extensive experience as an advisor to senior management and audit committees on complex accounting, financial reporting, internal controls, and enterprise risk management
  - **Enterprise Risk Management**—experience in managing enterprise risk as CEO
  - **Governance**—experience as the chairman of the governance committee with corporate governance issues, particularly in a publicly-traded company
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
-

## Doreen Woo Ho

### Board Committee:

- Nominating, *Chair*
- Compensation

### Independent:

Yes

Ms. Woo Ho, 73, is currently a Commissioner of the San Francisco Port Commission and was previously a senior executive who has held top management roles at some of the largest commercial banks in America, including Wells Fargo Bank, Citibank and United Commercial Bank. She has served as a director on our Board since October 2016 and her term expires in 2022.

### Business

#### Experience:

- President of San Francisco Port Commission (2012-2014)
- President and Chief Executive Officer of United Commercial Bank (2009)
- Executive Vice President, Enterprise Marketing, Student Loans and Corporate Trust, Wells Fargo & Company (2008)
- President of the Consumer Credit Group, Wells Fargo Bank (1998-2007)
- Senior Vice President of National Business Banking, US Consumer Bank, Citibank (1974-1998)

### Prior

#### Directorships:

- United Commercial Bank (2009)
- U.S. Bancorp (2012-2020)

### Private

#### Directorships:

- San Francisco Opera (since 1992)

### Other

#### Experience:

- Commissioner of the Port of San Francisco (since 2011)
- Wells Fargo Bank Management Committee member (1999-2008)

### Education:

- Bachelor's in History from Smith College
- Masters in East Asian Studies from the School of International and Public Affairs at Columbia University

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### Skills/

#### Qualifications:

Ms. Woo Ho's key areas of skill/qualifications include, but are not limited to:

- **Banking/Financial Services**—held a variety of key executive and management positions at large global financial institutions
  - **Leadership/Strategy**—extensive experience as a director and executive with broad operational experience in investments and finance
  - **Finance, IT and other Business Processes**—extensive experience in commercial and consumer lending, sales, marketing, operational and other key business processes
  - **Enterprise Risk Management**—extensive experience in credit and operational risk management and regulatory compliance in financial services
  - **Governance**—gained extensive experience in executive management and as CEO of a banking institution in corporate governance and board participation on both public and non-public boards
  - **Strategic Planning**—experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies
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## Interested Director Biographies

The biographical information for the interested director is as follows:

### Scott Bluestein

**Board Committee:**  
N/A

**Independent**  
No

Mr. Bluestein, 42, joined us in 2010 as Chief Credit Officer. He was promoted to Chief Investment Officer in 2014. In addition to Chief Investment Officer, he was elected Interim Chief Executive Officer in March 2019. In July 2019, he was elected Chief Executive Officer and President. He has served as a director on our Board since July 2019 and his term expires in 2022.

#### **Business Experience**

- Founder and Partner, Century Tree Capital Management (2009-2010)
- Managing Director, Laurus-Valens Capital Management, an investment firm specializing in financing small and microcap growth-oriented businesses through debt and equity securities (2003-2009)
- Member of Financial Institutions Coverage Group focused on Financial Technology, UBS Investment Bank (2000-2003)

#### **Education/ Other:**

- Bachelor's in Business Administration from Emory University
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## CORPORATE GOVERNANCE

Our business, property and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our chairman and chief executive officer, our chief financial officer, our chief investment officer, our general counsel, and our other officers and employees, and by reviewing materials provided to them and participating in meetings of our Board and its committees.

Because our Board is committed to strong and effective corporate governance, it regularly monitors our corporate governance policies and practices to ensure we meet or exceed the requirements of applicable laws, regulations and rules, and the NYSE's listing standards. The Board has adopted a number of policies to support our values and good corporate governance, including corporate governance guidelines, Board committee charters, insider trading policy, code of ethics, code of business conduct and ethics, and related person transaction approval policy. The Board has approved corporate governance guidelines that provide a framework for the operation of the Board and address key governance practices. Examples of our corporate governance practices include:

- Continued Board Recruitment and Refreshment
- Independent Chairman of the Board
- Majority Independent Directors
- Independent Audit and Compensation, Nominating and Governance Committees
- Annual Board and Committee Self-Evaluations
- Annual Board Review of CEO and Senior Management Succession Plans
- Continued Qualification Policy
- Anti-Hedging and Pledging Policy
- Active Stockholder Outreach
- Pay for Performance Philosophy
- Stock Ownership Guidelines for Executives and Directors
- Clawback Provisions for Executive Incentive Compensation
- No Tax Gross-Up Payments

Our Board will continue to review and update the corporate governance guidelines, corporate governance practices, and our corporate governance framework.

### Board Leadership Structure

Our Board is currently comprised of seven independent directors and one interested director, our CEO, including an independent chairman of the Board. In addition, each member of our Audit Committee, Compensation Committee, and Governance Committee is an independent director. Our Board and its committees remain in close contact with Hercules' management and receive reports on various aspects of Hercules' management and enterprise risk directly from our senior management and independent auditors. Our Board believes this provides an efficient and effective leadership model for the Company.

No single leadership model is right for all companies at all times. Our Board recognizes that depending on the circumstances, other leadership models, might be appropriate. Accordingly, our Board periodically reviews its leadership structure.

### Board Oversight of Risk

While day-to-day risk management is primarily the responsibility of our management team, our Board, as a whole and through its committees, is responsible for oversight of the risk management processes.

Our Audit Committee has oversight responsibility not only for financial reporting with respect to our major financial exposures and the steps management has taken to monitor and control such exposures, but also for the effectiveness of



management’s enterprise risk management process that monitors and manages key business risks facing our company. In addition to our Audit Committee, the other committees of our Board consider the risks within their areas of responsibility. For example, our Compensation Committee considers the risks that may be posed by our executive compensation program.

Management provides regular updates throughout the year to our Board regarding the management of the risks they oversee at each regular meeting of our Board. Also, our Board receives presentations throughout the year from various department and business group heads that include discussion of significant risks as necessary. Additionally, our full Board reviews our short and long-term strategies, including consideration of significant risks facing our business and their potential impact.

During 2020, in addition to unanimous written consents, the Board held the following meetings:

Type of Meeting	Number
<i>Regular Meetings to address regular, quarterly business matters</i>	4
<i>Other Meetings to address business matters that arise between quarters, such as fair valuing the portfolio investments, quarterly audit committee presentations and review and approval of earnings reports, among other matters</i>	4

Each director makes a diligent effort to attend all Board and committee meetings, as well as our annual meeting of stockholders. All directors attended at least 83% of the aggregate number of meetings of the Board and of the respective committees on which they served. Each of our then-serving directors attended our 2020 annual meeting of stockholders in person.

### Board Committees

Our Board has established an Audit Committee, a Compensation Committee, and a Governance Committee. A brief description of each committee is included in this Proxy Statement and the charters of the Audit, Compensation, and Governance Committees are available on the Investor Relations page of our website at <http://investor.htgc.com/governance-documents>.

As of the date of this Proxy Statement, the members of each of our Board Committees are as follows (the names of the respective committee chairperson are bolded and noted with a “C”):

Audit	Compensation	Nominating and Governance
<p><b>Joseph F. Hoffman-C</b> Robert P. Badavas Brad Koenig Carol L. Foster</p>	<p><b>Gayle Crowell-C</b> Brad Koenig Doreen Woo Ho</p>	<p><b>Doreen Woo Ho-C</b> Thomas J. Fallon Joseph F. Hoffman Carol L. Foster</p>

Each of our directors who sits on a committee satisfies the independence requirements for purposes of the rules promulgated by the NYSE and the requirements to be a non-interested director as defined in Section 2(a)(19) of the 1940 Act. Mr. Hoffman, Chairman of the Audit Committee and Messrs. Badavas and Koenig and Ms. Foster, members of the Audit Committee, are each an “audit committee financial expert” as defined by applicable SEC rules.

### Committee Governance

Each committee is governed by a charter that is approved by the Board, which sets forth each committee’s purpose and responsibilities. The Board reviews the committees’ charters, and each committee reviews its own charter, on at least an annual basis, to assess the charters’ content and sufficiency, with final approval of any proposed changes required by the full Board.

## **Committee Responsibilities and Meetings**

The key oversight responsibilities of the Board's committees, and the number of meetings held by each committee during 2020, are as follows:

### *Audit Committee*

*Number of meetings held in 2020: 5*

- Oversees the accounting and financial reporting processes and the integrity of the financial statements.
- Establishes procedures for complaints relating to accounting, internal accounting controls or auditing matters.
- Examines the independence qualifications of our auditors.
- Assists our Board's oversight of our compliance with legal and regulatory requirements and enterprise risk management.
- Assists our Board in fulfilling its oversight responsibilities related to the systems of internal controls and disclosure controls which management has established regarding finance, accounting, and regulatory compliance.
- Reviews and recommends to the Board the valuation of the Company's portfolio.

### *Compensation Committee*

*Number of meetings held in 2020: 5*

- Oversees our overall compensation strategies, plans, policies and programs.
- Approves director and executive compensation.
- Assesses compensation-related risks.

### *Nominating and Corporate Governance Committee*

*Number of meetings held in 2020: 4*

- Discharges our Board's responsibilities related to general corporate governance practices, including developing, reviewing and recommending to our Board a set of principles to be adopted as the Company's Corporate Governance Guidelines.
- Conducts an annual performance evaluation of our Board, its committees, and its members.
- Reviews board composition, size, and refreshment and identifying and recommending to our Board qualified director candidates.
- Oversees succession planning for the CEO, Section 16 officers and senior management who report to the CEO.
- Oversees the director resignation policy set forth in the Corporate Governance Guidelines.
- Criteria considered by the Governance Committee in evaluating qualifications of individuals for election as members of the Board consist of the independence and other applicable NYSE corporate governance requirements; the 1940 Act and all other applicable laws, rules, regulations and listing standards; and the criteria, policies and principles set forth in the Governance Committee charter.
- Considers nominees properly recommended by a stockholder. Stockholder recommendations for candidates for the Board should be sent to the Nominating and Corporate Governance Committee, c/o Melanie Grace, Secretary, 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301. The Governance Committee will evaluate any such recommendations using the same criteria as it uses for other candidates.
- The Governance Committee regularly considers the composition of our Board to ensure there is a proper combination of skills, experience, diversity and tenure.

## **Director Independence**

The NYSE's listing standards and Section 2(a)(19) of the 1940 Act require that a majority of our Board and every member of our Audit, Compensation, and Governance Committees are "independent." Under the NYSE's listing standards and our corporate governance guidelines, no director will be considered to be independent unless and until our Board affirmatively determines that such director has no direct or indirect material relationship with our company or our management. Our Board reviews the independence of its members annually.

In determining that Mss. Woo Ho, Foster and Crowell and Messrs. Badavas, Fallon, Hoffman and Koenig are independent, our Board, through the Governance Committee, considered the financial services, commercial, family and other relationships between each director and his or her immediate family members or affiliated entities, on the one hand, and Hercules and its subsidiaries, on the other hand.

### **Communication with the Board**

We believe that communications between our Board, our stockholders and other interested parties are an important part of our corporate governance process. Stockholders with questions about Hercules are encouraged to contact Michael Hara, Investor Relations at (650) 433-5578. However, if stockholders believe that their questions have not been addressed, they may communicate with our Board by sending their communications to Hercules Capital, Inc., c/o Melanie Grace, Secretary, 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301. All stockholder communications received in this manner will be delivered to one or more members of our Board.

Mr. Badavas currently serves as chairman of our Board, and he presides over executive sessions of the independent directors. Parties may communicate directly with Mr. Badavas by sending their communications to Hercules Capital, Inc., c/o Melanie Grace, Secretary at the above address. All communications received in this manner will be delivered to Mr. Badavas.

All communications involving accounting, internal accounting controls and auditing matters, possible violations of, or non-compliance with, applicable legal and regulatory requirements or our code of ethics, or retaliatory acts against anyone who makes such a complaint or assists in the investigation of such a complaint, will be referred to Melanie Grace, Secretary. The communication will be forwarded to the chair of our Audit Committee if our secretary determines that the matter has been submitted in conformity with our whistleblower procedures or otherwise determines that the communication should be so directed. The acceptance and forwarding of a communication to any director does not imply that the director owes or assumes any duty to the person submitting the communication, all such duties being only as prescribed by applicable law.

### **Code of Business Conduct and Ethics**

Our code of business conduct and ethics requires that our directors and executive officers avoid any conflict, or the appearance of a conflict, between an individual's personal interests and the interests of Hercules. Pursuant to our code of business conduct and ethics, which is available on the Governance Documents page of our website at <http://investor.htgc.com/governance-documents>, each director and executive officer must disclose any conflicts of interest, or actions or relationships that might give rise to a conflict, to our Audit Committee. Certain actions or relationships that might give rise to a conflict of interest are reviewed and approved by our Board.

### **Availability of Corporate Governance Documents**

To learn more about our corporate governance and to view our corporate governance guidelines, code of business conduct and ethics, and the charters of our Audit Committee, Compensation Committee, and Governance Committee, please visit the Investor Relations page of our website at <http://investor.htgc.com/governance-documents> under "Governance Documents." Copies of these documents are also available in print and free of charge by writing to Hercules Capital, Inc., c/o Melanie Grace, Secretary, 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301.

### **Compensation Committee Interlocks and Insider Participation**

All members of our Compensation Committee are independent directors and none of the members are present or past employees of the Company. No member of our Compensation Committee: (i) has had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K under the Exchange Act; or (ii) is an executive officer of another entity at which one of our executive officers serves on the Board.

### **Certain Relationships and Related Transactions**

We have established a written policy to govern the review, approval and monitoring of transactions involving the Company and certain persons related to Hercules. As a BDC, the 1940 Act restricts us from participating in transactions with any persons affiliated with Hercules, including our officers, directors, and employees and any person controlling or under common control with us.

In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with Hercules, our officers screen each of our transactions for any possible affiliations, close or remote, between the proposed portfolio investment, Hercules, companies controlled by us and our employees and directors. We will not enter into any agreements unless and until we are satisfied that no affiliations prohibited by the 1940 Act exist or, if such affiliations exist, we have taken appropriate actions to seek Board review and approval or exemptive relief from the SEC for such transaction.

### **Anti-Hedging and Anti-Pledging Policy**

Our Corporate Governance Guidelines prohibit directors, executive officers and employees from holding their shares of Hercules stock in a margin account or otherwise pledge such shares as collateral for a loan. Directors, officers and employees are also prohibited from engaging in hedging or monetization transactions in respect of Hercules stock, including through the use of financial instruments such as prepaid variable forward, equity swaps, collars and exchange funds.

### **Corporate Responsibility and Sustainability**

We believe that environmental, social and governance factors are an important driver of long-term stockholder returns from both an opportunity and risk-mitigation perspective. Our investment strategy is centered around financing growth-oriented companies in both technology and life sciences. Many of these companies are on the cutting edge of developing new and innovative technologies or are advancing novel drug candidates that have the possibility of providing significant benefits to patients in a variety of areas, including those with unmet needs. Several of these companies are focused on sustainable and responsible products and services, and we are proud to support their efforts. We believe the inclusion of factors related to sustainable and responsible investments provides meaningful value to our employees, portfolio companies, stockholders and community.

Our mission is to provide our stockholders with an investment strategy that delivers strong risk-adjusted, long-term performance. We employ a disciplined investment process that seeks to both uncover opportunities and evaluate potential risks while striving for the best possible return. Consistent with these objectives, we take a comprehensive approach to integrating environmental, social and governance (ESG) criteria into our investment process.

- **Environmental.** We limit our consumption of scarce and/or non-renewable resources by being mindful of the products we use in our business. We also utilize an aggressive recycling and composting policy to reduce landfill. We limit emissions of greenhouse gases and other forms of harmful waste by managing our energy use. Our investment philosophy ensures that we generally do not invest directly in the oil and gas industry, mining, forestry, logging, and other areas that we believe are detrimental to our values and principles. Our investment strategy in the sustainable and renewable technologies sector has centered around the reduction in greenhouse gas emissions through our investments in vehicle electrification and renewable resources such as solar and wind power.
- **Social.** We mandate zero tolerance of discrimination and harassment of any kind including but not limited to sexual, gender, race, religion, ethnicity, age among others. We promote diversity, inclusion and belonging in the hiring and retention of our employees with both gender and racial/ethnic consideration. We have an established platform of giving that is focuses on the health and well-being of our entire society and encourages our employees to give to their charities and communities by matching their charitable contributions and providing volunteering opportunities that better their communities. We ensure our business gives back to the communities where we operate by partnering with charitable organizations and making donations to a diverse set of charities and organizations.
- **Governance.** We manage our business with integrity and high moral conduct. We have a corporate governance structure with clear responsibilities and procedures and a separation of the chairman and chief executive roles. Our Board also reflects and practices the core values and beliefs of the Company and supports diversity and inclusion in its composition.

As of March 31, 2021, our workforce consisted of 83 professionals of which over 46% are women, and over 37% of our senior leaders are women. Senior leaders include Managing Directors on the investment team and senior executives on the corporate services team. Additionally, over 38% of our workforce and over 22% of our senior leaders are people of diverse racial/ethnic backgrounds. We are committed to recruiting, motivating, and developing a diversity of talent. We strive to continue to create a welcoming and inclusive work environment for all employees. We hire and develop individuals, we take succession planning into account have succession plans in place for each of our senior leaders.

## INFORMATION ABOUT EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS

Our executive officers perform policy-making functions for us within the meaning of applicable SEC rules. They may also serve as officers of our other subsidiaries. There are no family relationships among our directors or executive officers.

The following information outlines the name and age of our executive officers (as of the date of this Proxy Statement) and his or her principal occupation with the Company, followed by the biographical information of each of such executive officer:

Name	Age	Principal Occupation
Scott Bluestein .....	42	Chief Executive Officer and Chief Investment Officer
Seth H. Meyer .....	52	Chief Financial Officer
Melanie Grace .....	52	General Counsel, Chief Compliance Officer and Secretary

### Executive Biographies

**Mr. Bluestein's** biography can be found under "Interested Director" biographies on page 19.

**Seth H. Meyer** joined us in 2019 as Chief Financial Officer. Mr. Meyer oversees the financial and accounting functions of the Company and serves as an officer of select subsidiaries.

- Business Experience**
- Chief Financial Officer, Swiss Re Corporate Solutions Ltd. (2011-2017)
  - Managing Director, Swiss Re, serving as Group Tax Director, Finance Division Operating Officer and Head of Finance Large Transactions (2000-2011)
  - Senior Tax Manager, PricewaterhouseCoopers LLP (1997-2000)
  - Tax Manager, Jackson National Life Insurance Company (1994-1997)
  - Senior Tax Accountant, KPMG Peat Marwick (1992-1994)
  - Tax/Audit Assistant, Burke & Stegman CPAs (1990-1992)

- Education/Other:**
- Bachelor's in Accounting from Michigan State University
  - Master's in Business Administration in Professional Accounting from Michigan State University

**Melanie Grace** joined us in 2015 as General Counsel, Chief Compliance Officer and Secretary. She has over 20 years of experience representing registered investment advisors and public and private companies in securities, compliance and transactional matters. Ms. Grace oversees the legal and compliance function for the Company and serves as secretary for the Company and an officer of select subsidiaries.

- Business Experience**
- Chief Legal Officer and Corporate Secretary, WHV Investments, Inc. where she also served as interim Chief Compliance Officer (2011-2015)
    - Member, Management, Operations and Proxy Committees, WHV Investments, Inc. (2013-2015)
    - Chair, Ethics Committee, WHV Investments, Inc. (2013-2015)
  - Chief Counsel, Corporate, NYSE Euronext (2005-2008)
  - Associate, Fenwick & West LLP (2000-2005)

- Education/Other:**
- Bachelor's and Master's in History from the University of California, Riverside
  - Juris Doctor from Boston University School of Law
  - Member, State Bar of California
  - Registered In-House Counsel, New York
  - Designated Investment Adviser Certified Compliance Professional®



## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The Compensation Discussion and Analysis discusses our 2020 executive compensation program as it relates to the following executive officers:

Scott Bluestein . . . . . Chief Executive Officer (“CEO”) and Chief Investment Officer  
Seth H. Meyer . . . . . Chief Financial Officer (“CFO”)  
Melanie Grace . . . . . General Counsel, Chief Compliance Officer and Secretary

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We refer to Messrs. Bluestein and Meyer, and Ms. Grace as our “named executive officers,” or “NEOs”.

### Executive Summary

Under the oversight of our Compensation Committee, the Company’s executive compensation program is designed to attract, incent and retain talented individuals who are critical to our continued success and our corporate growth and who will deliver sustained strong performance over the long term. Our executive compensation program is designed to motivate the Company’s executive officers to maintain the financial strength of the Company while avoiding any inappropriate focus on short-term profits that would impede the Company’s long-term growth and encourage excessive risk-taking.

In 2020, the Company continued to review and enhance our compensation practices in accordance with our executive compensation philosophy. The review considered both compensation levels and company performance over a one-, three-, and five-year period from 2016 to 2020 (the “Performance Periods”). The 2020 compensation decisions made by the Compensation Committee considered the fact that our performance relative to a peer group of companies was generally above the median, and in most cases above the 90<sup>th</sup> percentile, measured using:

- Return on Average Assets (“ROAA”)
- Return on Equity (“ROE”)
- Return on Investment Capital (“ROIC”)
- Average Annual Shareholder Return (“AASR”)

The Company’s incentive compensation practices are significantly limited by the requirements imposed on us as an internally managed business development company (“BDC”) pursuant to the 1940 Act. (See *“Limitations Imposed by the Investment Company Act of 1940”* below). These are regulatory limitations related to our corporate structure that are relatively unique and do not apply to most other publicly traded companies. As discussed further below, our NEOs were compensated to reflect their individual performance goals and the Company’s performance during the Performance Periods.

In addition to key factors involved in the 2020 decisions made by the Compensation Committee, we continue to maintain the enhancements to our executive officer compensation program that we adopted in 2016, such as a mix of corporate and individual performance factors for our NEOs and our clawback policy for all Section 16 officers. We also increased the CEO equity ownership in 2019 from 2x ownership to 5x ownership. Other NEOs must own at least 2x their salary.

### 2020 Advisory Vote on Executive Compensation

At our 2020 annual meeting of stockholders, our advisory say-on-pay vote received 88.95% support from our stockholders who voted on the proposal. Our Compensation Committee believes this affirms our stockholders’ support of our approach to executive compensation, and, as a result, the Compensation Committee did not make any significant changes to our executive compensation program for 2020. The Compensation Committee will continue to consider the outcome of our say-on-pay votes when making future compensation decisions for our named executive officers.

### Compensation Philosophy and Objectives

The primary principle of our compensation program is to align a substantial portion of executive compensation to the financial strength, long-term profitability, and risk management of the Company and to the creation of long-term stockholder value.



As an internally managed BDC, the Company's compensation program is designed to encourage our NEOs to think and act like stockholders. The structure of the NEOs' compensation program is designed to encourage and reward the following factors, among other things:

- Sourcing and pursuing attractively priced investment opportunities to venture-backed and selected publicly listed companies;
- Maintaining credit quality, monitoring financial performance, and ultimately managing a successful exit of the Company's investment portfolio;
- Achieving the Company's dividend and profitability objectives (which focus on stability and potential growth);
- Providing compensation and incentives necessary to attract, motivate and retain key executives critical to our continued success and growth;
- Focusing management behavior and decision-making on goals that are consistent with the overall strategy of the business and in alignment with shareholders and stakeholders;
- Ensuring a linkage between NEO compensation and individual contributions to our performance; and
- Creation of compensation principles and processes that are designed to balance risk and reward in a way that does not encourage unnecessary risk taking.

We believe that our continued success during 2020, despite strong competition for top-quality executive talent in the commercial and venture lending industry, was attributable to our ability to attract, motivate and retain the Company's outstanding executive team using both short- and long-term incentive compensation programs. In addition, Mr. Bluestein's effective performance of the Chief Executive Officer role was key to the Company's continued success in 2020.

The Company's NEO compensation objectives are achieved through its executive compensation program, which at the end of 2020 consisted of the following:

ELEMENTS OF EXECUTIVE COMPENSATION		
Compensation Element	Form of Compensation	Principal Compensation Objective
Annual Base Salary	Cash paid on a regular basis throughout the year	Provide a level of fixed income that is market competitive to allow the Company to retain and attract executive talent
Annual Discretionary Cash Bonus Awards	Discretionary cash awards paid on an annual basis following year-end (not formulaic, but subject to Committee discretion, due to regulatory requirements that do not allow formulaic incentive plans as explained in more detail later in this CD&A in the section titled "Our Regulatory Status and Limitations Imposed by the Investment Company Act of 1940")	Reward NEOs who contribute to our financial performance and strategic success during the year, and reward individual achievements
Long-Term Equity Incentive Awards	Equity incentive awards vest 1/3 on a one-year cliff with remaining 2/3 vesting quarterly over two years based on continued employment with the Company (other than the one-time retention PSUs, which generally vest based on the Company's Total Shareholder Return relative to certain publicly traded BDCs over the 4-year performance period)	Reward NEOs who contribute to our success through the alignment with and creation of shareholder value, provide meaningful retention incentives, and reward individual achievements

The compensation program is designed to reflect best practices in executive compensation:

2020 GOVERNANCE “BEST PRACTICES” HIGHLIGHTS OF EXECUTIVE COMPENSATION	
No employment agreements for NEOs.	Maintain stock ownership guidelines for our CEO to own at least 5x his salary. Other NEOs must own at least 2x their salary.
No guaranteed retirement benefits or pensions.	No executive perquisite allowances beyond the benefit programs offered to all employees.
No tax gross ups for NEOs.	No repricing of stock options without stockholder approval, as required under applicable NYSE rules (and subject to other requirements under the 1940 Act).
Clawback policy for all Section 16 officers.	Compensation Committee routinely engages an independent compensation consultant to review NEO compensation.

### **Executive Compensation Governance**

The Company’s executive compensation program is supported by strong corporate governance and Board-level oversight. The Compensation Committee provides primary oversight of our compensation programs, including the design and administration of executive compensation plans, assessment and setting of corporate performance goals, as well as individual performance metrics, and the approval of executive compensation. In addition, the Compensation Committee retains an independent compensation consultant, and where appropriate, discusses compensation-related matters with our CEO, as it relates to the other NEOs. The Compensation Committee developed our 2020 compensation program, and the compensation paid to our NEOs during and in respect of 2020 was approved by the Compensation Committee as well as all of our independent directors.

- **Role of Compensation Committee:** The Compensation Committee is comprised entirely of independent directors who are also non-employee directors as defined in Rule 16b-3 under the Exchange Act, independent directors as defined by the NYSE rules, and are not “interested persons” of the Company, as defined by Section 2(a)(19) of the 1940 Act. For 2020, Mr. Koenig and Mss. Woo Ho and Crowell comprised the Compensation Committee and Ms. Crowell served as chair of the Compensation Committee.

The Compensation Committee operates pursuant to a charter that sets forth its mission, specific goals and responsibilities. A key component of the Compensation Committee’s goals and responsibilities is to evaluate, approve and/or make recommendations to our Board regarding the compensation of our NEOs, and to review their performance relative to their compensation to assure that they are compensated in a manner consistent with the compensation philosophy discussed above.

The Compensation Committee has not established a policy or target for the allocation between cash and non-cash or short-term and long-term compensation. Rather, the Compensation Committee undertakes a subjective analysis in light of the principles described herein and, in connection with its analysis, reviews and considers information provided by its independent compensation consultant, Frederic W. Cook & Co., Inc., or F.W. Cook, and compensation surveys to which the Company subscribes to determine the appropriate level and mix of base compensation, performance-based pay, and other elements of compensation.

In addition, the Compensation Committee evaluates and makes recommendations to our Board regarding the compensation of the directors for their services. Annually, the Compensation Committee:

- Evaluates our CEO’s performance;
- Reviews our CEO evaluation of the other NEO’s performance;
- Determines and approves the compensation paid to our CEO; and
- With input from our CEO, reviews and approves the compensation of other NEOs.



The Compensation Committee periodically reviews our compensation programs and equity incentive plans to ensure that such programs and plans are consistent with our corporate objectives and appropriately align our NEOs' interests with those of our stockholders. The Compensation Committee also administers our equity incentive program. The Compensation Committee may not delegate its responsibilities.

- **Role of Compensation Consultant:** The Compensation Committee has engaged F.W. Cook, as an independent outside compensation consultant to assist the Compensation Committee and provide advice on incorporating a variety of compensation matters relating to CEO and NEOs compensation, peer group selection, compensation program design best practices, market and industry compensation trends, improved program designs, market competitive director compensation levels and regulatory developments. F.W. Cook was hired by and reports directly to the Compensation Committee. F. W. Cook does not provide any other services to the Company. The Compensation Committee has assessed the independence of F.W. Cook pursuant to the NYSE rules, and it has been concluded that F. W. Cook's work for the Compensation Committee does not raise any conflict of interest.

The Compensation Committee has engaged F.W. Cook to provide the following services to the Committee:

- Provide information, research, market analysis and recommendations with respect to our 2020 executive and non-employee director compensation programs, including evaluating the components of our executive and non-employee director compensation programs and the alignment of the compensation programs with our performance;
- Advise on the design of the executive and non-employee director compensation programs and the reasonableness of individual compensation targets and awards, including in the context of business and shareholder performance, as well as importance of individual officers to the Company's success;
- Provide advice and recommendations that incorporated both market data and Company-specific factors; and
- Assist the Compensation Committee in making pay recommendations for the NEOs after the evaluation of, among other things, Company and individual performance, market pay level, and management recommendations.

The Compensation Committee's executive compensation determinations are subjective and the result of the Compensation Committee's business judgment. Its determinations are informed by the experiences of its members and the peer group pay and performance data provided by its independent compensation consultant. Accordingly, the Compensation Committee does not target a percentile within its peer group when determining levels of compensation. Instead, it uses the data as a reference point when determining the types and amounts of compensation provided by the Company.

- **Role of Chief Executive Officer:** From time to time and at the Compensation Committee's request, our CEO will attend the Compensation Committee's meetings to discuss the Company's performance and compensation-related matters. Our CEO does not attend executive sessions of the Compensation Committee, unless invited by the Compensation Committee. While our CEO does not participate in any deliberations relating to his own compensation, our CEO reviews on at least an annual basis the performance of each of the other NEOs and other executive officers. Additionally, our CEO generally meets with or speaks to our Compensation Committee Chairman at least quarterly, to discuss the Company's operating performance relative to key performance objectives and evaluate the discretionary cash bonus pool for our NEO's. Based on these performance reviews and the Company's overall absolute and relative performance, our CEO makes recommendations to the Compensation Committee on any changes to base salaries, annual bonuses and equity awards. The Compensation Committee considers the recommendations submitted by our CEO, as well as data and analysis provided by management and F.W. Cook, but retains full discretion to approve and/or recommend for Board approval all executive and director compensation.

## Peer Data

To determine the competitiveness of executive compensation levels, the Compensation Committee analyzes a group of internally managed BDCs, financial services companies and real estate investment trusts (“REITs”) as set forth below (the “Peer Group”). The Peer Group is viewed as reflecting the labor market for our officer and employee talent, has a similar investor base, and, like the Company, the BDCs and REITs are pass-through entities with the majority of earnings required to be distributed to stockholders as a dividend. The Compensation Committee does not specifically benchmark the compensation of our NEOs against that paid by other companies. Our Peer Group was used as a factor in determining the annual cash bonus awards made with respect to 2019 (but paid in 2020) as well as the further considerations more fully described below under “Annual Cash Bonus Awards”.

HTGC Peer Group		
BDCs	Financial Services	Real Estate Investment Trusts
Main Street Capital (internally managed) Portman Ridge	Alliance Bernstein Cohen & Steers Cowen Inc. Greenhill & Co. Moelis & Company On Deck Capital PJT Partners Sculptor Capital WisdomTree Investment	Capstead Mortgage Hannon Armstrong iStar Inc. Ladder Capital MFA Financial Redwood Trust Sabra Health Care Seritage Growth

As of December 31, 2020, the Company generally outperformed most of its Peer Group over the one-, three- and five-years as follows:

Performance Period	Return on Average Assets (excl. cash)		Return on Equity		Return on Invested Capital		Average Annual Shareholder Return (“AASR”)	
	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group
1-year	5.8%	100%	11.5%	100%	5.9%	100%	15.1%	65%
3-year	5.8%	100%	11.5%	100%	5.9%	100%	14.5%	72%
5-year	5.9%	100%	11.3%	100%	6.0%	100%	14.3%	73%

-1-, 3- and 5-year calculations of performance are based on data as of December 31, 2020.

-Companies with less than three and/or less than five full years of historical financial and AASR performance are excluded.

-Financial Services peers are excluded from analysis of capital allocation because services companies are not as capital intensive as REITs and BDCs, which are primarily engaged in direct investment of firm capital.

-The data is from S&P Capital IQ and is not adjusted by F.W. Cook, which means the data may not reflect internal adjustments regularly made by Hercules or by the peer companies when assessing their performance.

The Company believes that compensation paid to our NEOs for 2020 was commensurate with the Company’s overall absolute performance as well as our performance relative to the Peer Group during the relevant Performance Periods. The 2020 compensation decisions made by the Compensation Committee considered the fact that our performance relative to the Peer Group was substantially above the median, and in most cases above the 90<sup>th</sup> percentile measured using Return on Average Assets, Return on Equity, Return on Investment Capital and Average Annual Shareholder Return during the trailing one-, three-, and five-years as indicated in the chart above. The same was also true for 2019 performance when 2020 decisions were made for salary and 2020 equity awards. In addition, in 2020, the Compensation Committee recognized that the Company achieved numerous records with respect to operating performance including but not limited to:

- Record Total Investment Income and Net Investment Income
- Record Total Investment Assets

## ***Our Regulatory Status and Limitations Imposed by the Investment Company Act of 1940***

We are an internally managed, non-diversified, closed-end investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, referred to as the 1940 Act. As a BDC, we are required to comply with certain regulatory requirements, including the 1940 Act, rules promulgated under the 1940 Act, and exemptive orders issued to us by the Securities and Exchange Commission, or the SEC. We refer to these requirements, rules and exemptive orders as the 1940 Act Requirements. Among other things:

- The 1940 Act Requirements limit our ability to implement non-equity incentive plans (i.e., cash incentive plans) that would restrict the discretion and decision-making authority of our Compensation Committee. The 1940 Act Requirements provide that we may maintain either an equity incentive plan or a profit-sharing plan. A “profit sharing plan” as defined under the 1940 Act is any written or oral plan, contract, authorization or arrangement, or any practice, understanding or undertaking whereby amounts payable under the compensation plan are dependent upon or related to the profits of the company. The SEC has stated that compensation plans possess profit-sharing characteristics if an investment company is obligated to make payments under such a plan based on the level of income, realized gains or loss on investments or unrealized appreciation or depreciation of assets of such investment company.
- We believe that equity incentives strongly align the interests of our stockholders with our executive officers and other employees, and, accordingly, we implemented an equity incentive plan in 2004, which was amended and restated in 2018 (the “Equity Plan”). Given our Equity Plan, the 1940 Act Requirements prohibit us from also implementing a “profit-sharing plan” that restricts our Compensation Committee’s discretion in the final determination of profit-sharing awards.
- The 1940 Act Requirements limit the terms we may include in our Equity Plan and limit our ability to implement certain changes to our Equity Plan without the SEC’s prior written approval. Our Equity Plan is administered pursuant to specific exemptive orders granted by the SEC. We believe the current structure of our Equity Plan reflects the terms and plan provisions currently permitted for an internally managed BDC.

Why is this important to the Company’s executive compensation? The 1940 Act Requirements that restrict the Company to sponsoring either an equity incentive plan or a “profit sharing plan” limit the Company’s use of formulas or non-discretionary objective performance goals or criteria in its incentive plans. This means that the Compensation Committee is not permitted to use a nondiscretionary formulaic application of any performance criteria for corporate and individual goals to determine compensation. Rather, the Compensation Committee must take into consideration all factors and use its discretion to determine the appropriate amount of compensation for our NEOs. The Compensation Committee’s objective is to work within this regulatory framework to maintain and motivate pay-for-performance alignment, to establish appropriate compensation levels relative to our Peer Group and to implement compensation best practices. Annual cash bonus decisions are in all cases discretionary with no minimum or required payments and are not made pursuant to a formulaic cash bonus plan in order to comply with our obligations under the 1940 Act.

## ***Assessment of Company Performance***

In determining annual compensation for our NEOs, the Compensation Committee analyzes and evaluates the individual achievements and performance of our NEOs as well as the overall relative and absolute operating performance and achievements of the Company. We believe that the alignment of (i) our operating plan, (ii) stockholder expectations and (iii) our employee compensation is essential to long-term business success and the interests of our stockholders and employees and to our ability to attract and retain executive talent, especially in the competitive environment for top-quality executives in the venture debt industry.

Our operating plan involves taking on credit risk over an extended period of time, and a premium is placed on our ability to maintain stability and growth of net asset values as well as continuity of earnings growth to pass through to stockholders in the form of recurring dividends over the long term. Our strategy is to generate income and capital gains from our investments in the debt with warrant securities, and to a lesser extent direct equity, of our portfolio companies. This income supports the anticipated payment of dividends to our stockholders. Therefore, a key element of our return to stockholders is current income through the payment of dividends. This recurring payout requires methodical asset acquisition as well as highly active monitoring and management of our investment portfolio over time. To accomplish these functions, our business requires implementation and oversight by management and key employees with highly specialized skills and experience in the venture debt industry. A substantial part of our employee base is dedicated to the generation of new investment opportunities to allow us to sustain dividends and to the maintenance of asset values in our portfolio. In

addition to the performance factors above, the Company considered the following Company-specific performance factors over the relevant Performance Periods: overall credit performance, performance against annual gross funding goals, overall yields, efficiency ratios, total and net investment income and realized and unrealized gains and losses.

***Elements of Executive Compensation and 2020 Compensation Determinations***

*Base Salary*

We believe that base salaries are a fundamental element of our compensation program. The Compensation Committee establishes base salaries for each NEO to reflect (i) the scope of the NEO’s industry experience, knowledge and qualifications, (ii) the NEO’s position and responsibilities and contributions to our business growth and (iii) salary levels and pay practices of those companies with whom we compete for executive talent. The Compensation Committee considers base salary levels at least annually as part of its review of the performance of NEOs and from time to time upon a promotion or other change in job responsibilities. During its review of base salaries for our executives, the Compensation Committee primarily considers individual performance of the executive, including leadership and execution of strategic initiatives and the accomplishment of business results for our company; market data provided by our compensation consultant; our NEOs’ total compensation, both individually and relative to our other NEOs; and for NEOs other than the CEO, the base salary recommendations of our CEO.

<u>NEO</u>	<u>2020 Base Salary</u>
Scott Bluestein .....	\$650,000
Seth H. Meyer .....	\$550,000
Melanie Grace .....	\$366,011

*Annual Cash Bonus Awards*

Bonuses are discretionary and not formulaic in order to comply with the 1940 Act Requirements that govern our business as an internally managed BDC and that place restrictions on setting compensation to specific financial measurements. As a result, the Compensation Committee considers overall business performance factors and individual factors, including CEO feedback, when determining the size of individual NEO bonuses. Accordingly, should actual Company and NEO performance exceed expectations, the Compensation Committee may adjust individual cash bonuses to take such superior performance into account. Conversely, if company and NEO performance is below expectations, the Compensation Committee will consider such performance in determining the NEO’s actual cash bonus.

The Compensation Committee, together with input from our CEO, developed a specific bonus pool for the 2020 operating year to be available for our annual cash bonus program. The amount determined to be available for our annual cash program was dependent upon many factors that are not formulaic due to the requirements under the 1940 Act.

The Compensation Committee designs our annual cash bonuses to motivate our NEOs to achieve financial and non-financial objectives consistent with our operating plan. The Compensation Committee generally targets cash bonuses from 50% to 100% of an NEO’s base salary; however, such bonus amounts may significantly exceed these targets in the event of exceptional Company and individual performance with respect to our NEOs.

In evaluating the performance of our NEOs to arrive at their 2020 cash bonus awards, the Compensation Committee specifically compared our performance and the returns of our stockholders against the performance and stockholder returns of other BDCs. In particular, the Committee considered our return on invested capital, return on equity and return on assets and average annual shareholder return relative to peer group benchmarks, which was among the highest in the compensation peer group over the last year, as this demonstrates the success of our core business mission of allocating equity and debt capital efficiently for a high risk-adjusted return and the related creation of stockholder wealth.

When sizing our cash bonus pool and allocating bonus awards, the total compensation paid to our NEOs and other employees is also evaluated against the expense ratios of other BDCs. With respect to 2020, company-wide compensation expense as a percentage of average assets among the Peer Group was considered. For the fiscal year ended December 31, 2020, the ratio of our compensation expense divided by total revenue was below the median of our Peer Group.



Based on the foregoing considerations and analysis, and after due deliberation, the Compensation Committee awarded our current NEOs the following annual cash bonuses with respect to 2020.

<u>NEO</u>	<u>2020 Cash Bonus Award</u>
Scott Bluestein .....	\$2,100,000
Seth H. Meyer .....	\$ 700,000
Melanie Grace .....	\$ 135,000

### ***Long-Term Equity Incentive Compensation***

#### ***Equity Incentive Plan Awards***

Our long-term equity incentive compensation is designed to develop a strong linkage between pay and our strategic goals and performance, as well as to align the interests of our NEOs, and other executives and key employees, with those of our stockholders. Accordingly, we make long-term equity incentive awards to our NEOs pursuant to our Equity Plan, which permits awards of stock options, restricted stock and restricted stock units. These grants typically vest over three years.

We believe that annual equity grants to our NEOs are a critical part of our compensation program as they allow us to:

- Align our operating plan, stockholder interests and employee compensation,
- Match shareholder return expectations and results of the business, and
- Retain and motivate key management talent.

We believe strongly that annual equity grants motivate executive performance that is aligned with the return expectations of our stockholders.

#### ***Grant Practices for Executive Officers***

Annual equity compensation grants to executive officers have typically been granted in the first quarter of the year. In 2021, the Company granted restricted stock awards following 2020 performance. January 2021 restricted stock awards reflected the strong financial performance in 2020, with the highest ROAA, ROE, and ROIC of the peer group companies.

#### ***Restricted Stock Awards***

In January 2021, the Compensation Committee granted restricted stock awards to Messrs. Bluestein and Meyer and Ms. Grace. With respect to determining the amount of the restricted stock awards, the Compensation Committee assessed each current NEO's individual performance for 2020, our overall company performance in 2020 and the levels of equity compensation paid by other companies with whom we compete for executive talent. Based on this assessment, the Compensation Committee determined that the following restricted stock awards be granted to our current NEOs with respect to 2020, in the amounts and on the dates set forth below to reward them for services performed in 2020. These restricted stock awards will become vested as to one-third of the shares underlying the awards on the first anniversary of the grant date, and will become vested as to the remaining shares in equal quarterly installments over the next two years. We believe these restricted stock awards assist the Company in retaining the NEOs.

#### ***2020 Restricted Stock Awards***

<u>NEO</u>	<u>Grant Date</u>	<u>Restricted Stock Award</u>	<u>Fair Value of Restricted Stock Award</u>
Scott Bluestein .....	1/12/2021	236,463	\$3,449,995 <sup>(1)</sup>
Seth H. Meyer .....	1/12/2021	74,606	\$1,088,502 <sup>(1)</sup>
Melanie Grace .....	1/12/2021	9,253	\$ 135,001 <sup>(1)</sup>

(1) Based on the closing price per share of our common stock of \$14.59 on January 12, 2021.

#### ***Restricted Stock Units***

The Compensation Committee did not grant restricted stock units to NEOs for 2020 performance.



### *Stock Options*

The Compensation Committee did not grant stock option awards to NEOs for 2020 performance.

### *Other Elements of Compensation*

- *Benefits and Perquisites:* Our NEOs receive the same benefits and perquisites as other full-time employees. Our benefits program is designed to provide competitive benefits and is not based on performance. Our NEOs and other full-time employees receive health and welfare benefits, which consist of life, long-term and short-term disability, health, dental and vision insurance benefits and the opportunity to participate in our defined contribution 401(k) plan. During 2020, our 401(k) plan provided for contributions by the company for up to \$19,500 per full-time employee under the age of 50 and \$26,000 per full time employee over the age of 50. Other than the benefits set forth immediately above, our NEOs are not entitled to any other benefits or perquisites.

### **Corporate Goals**

For 2020, the Compensation Committee determined incentive compensation for each NEO based in part on the Company's achievement of corporate performance goals developed by the Compensation Committee. These goals included operational performance as well as performance relative to the Peer Group. The Compensation Committee believes that the corporate goals applicable to all NEOs create an alignment not only with stockholders but also to the Company's business strategy and performance goals.

### **Defined Individual Goals**

For 2020, the Compensation Committee developed individual goals for the CEO. In addition, the CEO and each NEO developed individual goals for the NEOs and such goals were approved by the Compensation Committee. Each set of individual goals are unique to the applicable executive officer's responsibilities and position within the Company. While each of the factors may not be weighted, the Compensation Committee took into consideration each of these factors to determine each executive officer's incentive compensation.

### **Pay-for-Performance Alignment**

The Company believes that there exists an alignment between the compensation of our NEOs and our performance over the relevant Performance Periods. As noted above, a broad range of individual performance factors and Company performance factors are analyzed each year, including total shareholder return relative to our Peer Group, and, in 2020, analysis of relative ROAA, ROE, ROIC and AASR versus the compensation peers over one-, three-, and five-years to measure short-, medium-, and long-term performance. The objective in analyzing these key performance factors is to align NEO compensation to our performance relative to our Peer Group and our absolute corporate performance.

### **Internal Pay Equity Analysis**

Our compensation program is designed with the goal of providing compensation to our NEOs that is fair, reasonable, and competitive. To achieve this goal, the Company believes it is important to compare compensation paid to each NEO not only with compensation in our Peer Group, as discussed above, but also with compensation paid to each of our other NEOs. Such an internal comparison is important to ensure that compensation is equitable among our NEOs.

As part of the Compensation Committee's review, we made a comparison of our CEO's total compensation paid for the period ending December 31, 2020 against that paid to our other NEOs during the same year. Upon review, the Compensation Committee determined that our CEO's compensation relative to that of our other NEOs was appropriate because of his level and scope of responsibilities, expertise and performance history, and other factors deemed relevant by the Compensation Committee. The Compensation Committee also reviewed the mix of the individual elements of compensation paid to our NEOs for this period, the individual performance of each NEO and any changes in responsibilities of the NEO.

### **Stock Ownership Guidelines**

The Company maintains stock ownership guidelines, which are outlined in our corporate governance guidelines, because we believe that material stock ownership by our executives plays a role in effectively aligning the interests of our executives with those of our stockholders and strongly motivates our executives to build long-term shareholder value. Pursuant to our stock ownership guidelines, our CEO is required to own at least 5x of his annual salary in Company common stock, based on market value, within five years of joining the Company. In 2020, the Company increased the

CEO's ownership guideline from 2x salary to 5x salary. The other NEOs are required to own at least 2x their annual salary in Company common stock, based on market value, within three years of joining the Company. Our Board may make exceptions to this requirement based on circumstances; however, no exceptions have been made for our current NEOs. Messrs. Bluestein and Meyer and Ms. Grace have met their minimum guidelines.

The Compensation Committee's review of the NEO's stock ownership as of January 31, 2021 showed that:

- Mr. Bluestein owned 1,222,557 shares of Company stock and restricted stock. Based on his 2020 salary of \$650,000, he owns shares worth 5x his annual base salary.
- Mr. Meyer owned 175,110 shares of Company stock and restricted stock. Based on his 2020 salary of \$550,000, he owns shares worth 2x his annual base salary.
- Ms. Grace owned 87,305 shares of Company stock and restricted stock. Based on her 2020 salary of \$366,011, she owns shares worth 2x her annual base salary.

### **Tax and Accounting Matters**

*Deductibility of Executive Compensation.* When analyzing both total compensation and individual elements of compensation paid to our NEOs, the Company considers the income tax consequences to the Company of its compensation policies and procedures. In particular, the Company considers Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), which, for tax years beginning on or prior to December 31, 2017, limits the deductibility of non-performance-based compensation paid to certain of the NEOs to \$1,000,000 per affected NEO.

Section 162(m) of the Code was amended and expanded by the Tax Cuts and Jobs Act at the end of 2017. Effective for tax years beginning on or after January 1, 2018, the deductibility limit of Section 162(m) of the Code applies to an expanded group of current and former executive officers with limited exceptions. In addition, the exception for performance-based compensation is no longer available starting in 2018. Therefore, to the extent compensation paid to certain executive officers exceeds \$1,000,000 for any year after 2017, the Company generally cannot deduct such excess compensation for U.S. federal income tax purposes. A transition rule applies to "qualifying performance-based compensation" granted pursuant to a written binding contract prior to November 2, 2017, which has not been materially modified since that date.

The Compensation Committee intends to balance its objective of providing compensation to our NEOs that is fair, reasonable, and competitive with the Company's ability to claim compensation expense deductions. Our Board believes that the best interests of the Company and our stockholders are served by executive compensation programs that encourage and promote our principal compensation philosophy, enhancement of shareholder value, and permit the Compensation Committee to exercise discretion in the design and implementation of compensation packages. Accordingly, we may from time to time pay compensation to our NEOs that may not be fully tax deductible, (including by reason of Section 162(m) of the Code), including certain bonuses and restricted stock. The Company will continue to review its executive compensation plans periodically to determine what changes, if any, should be made as a result of any deduction limitations.

### **Clawback Policy for Section 16 Officers**

The Board has adopted a clawback policy for all Section 16 officers. Pursuant to our clawback policy, for payments that are predicated on financial results augmented by fraud, embezzlement, gross negligence or deliberate disregard of applicable rules resulting in significant monetary loss, damage or injury to the Company ("Excess Compensation"), the Compensation Committee has the authority to seek repayment of any Excess Compensation, including (1) cancellation of unvested, unexercised or unreleased equity incentive awards; and (2) repayment of any compensation earned on previously exercised or released equity incentive awards whether or not such activity resulted in a financial restatement.

The Compensation Committee has sole discretion under this policy, consistent with any applicable statutory requirements, to seek reimbursement of any Excess Compensation paid or received by the Section 16 officer for up to a 12-month period prior to the date of the Compensation Committee action to require reimbursement of the Excess Compensation. Any clawback of Excess Compensation must be based upon fraud adjudicated by a court of competent jurisdiction or a financial restatement. Further, following a restatement of our financial statements, we will recover any compensation received by the CEO and CFO that is required to be recovered by Section 304 of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley").

For purposes of this policy, Excess Compensation equals the positive difference, if any, between the compensation earned by a Section 16 officer and the compensation that would have been earned by the Section 16 officer had the fraud, embezzlement, gross negligence or deliberate disregard of applicable rules resulting in significant monetary loss, damage or injury to the Company not occurred.

### **Risk Assessment of the Compensation Programs**

Our Board believes that risks arising from our compensation policies and practices for our employees are not reasonably likely to have a material adverse effect on the Company. The Company has designed our compensation programs, including our incentive compensation plans, with specific features to address potential risks while rewarding employees for achieving long-term financial and strategic objectives through prudent business judgment and appropriate risk taking. We use common variable compensation designs, with a significant focus on individual contributions to our performance and the achievement of absolute and relative corporate objectives, as generally described in this Compensation Discussion and Analysis.

The Compensation Committee and the Board reviewed our compensation programs to assess whether any aspect of the programs would encourage any of our employees to take any unnecessary or inappropriate risks that could threaten the value of the Company. The Company has designed our compensation programs to reward our employees for achieving annual profitability and long-term increases in shareholder return and/or value.

Our Board recognizes that the pursuit of corporate objectives possibly leads to behaviors that could weaken the link between pay and performance, and, therefore, the correlation between the compensation delivered to employees and the long-term return realized by stockholders. Accordingly, our executive compensation program is designed to mitigate these possibilities and to ensure that our compensation practices are consistent with our risk profile. These features include the following:

- Bonus payouts and equity incentive awards that are not based solely on corporate performance objectives, but are also based on individual performance levels;
- The financial opportunity in our long-term equity incentive program is best realized through long-term appreciation of our stock price, which mitigates excessive short-term risk-taking;
- Annual cash bonuses that are paid after the end of the fiscal year to which the bonus payout relates;
- The engagement and use of a compensation consultant;
- The institution of stock ownership guidelines applicable to our executive officers; and
- Final decision making by our Compensation Committee and our Board of Directors on all awards.

Additionally, the Company performed an assessment of compensation-related risks for all of our employees. Based on this assessment, we concluded that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company. In making this evaluation, the Company reviewed the key design elements of our compensation programs in relation to industry “best practices,” as well as the means by which any potential risks may be mitigated. In addition, management completed an inventory of incentive programs below the executive level and reviewed the design of these incentives and concluded that such incentive programs do not encourage excessive risk-taking.

### **Chief Executive Officer Pay Ratio**

For 2020, the median of the annual total compensation of all of our employees (other than Mr. Bluestein) was \$235,683.14. Mr. Bluestein’s 2020 total compensation was \$7,871,404.34. Based on this information, our CEO’s 2020 annual total compensation was approximately 33.40 times that of the median of the 2020 annual total compensation of all our employees.

We selected December 31, 2020 as the date used to identify our “median employee” whose annual total compensation was the median of the annual total compensation of all our employees (other than our CEO) for 2020. As of December 31, 2020, our employee population consisted of 81 individuals (other than Mr. Bluestein), located in our California, Connecticut, Illinois, Massachusetts, New York and Maryland offices. We compared the annual total compensation for our employee population in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, which included salary, bonus, stock awards and employer contributions to employee accounts in our 401(k) plan. In making this determination, we annualized the compensation of 20 employees who were hired in 2020 but did not work for us the entire fiscal year.



### **Compensation Committee Report**

We have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussions with management, we recommend to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement for the 2021 annual meeting of Hercules Capital, Inc.

#### **COMPENSATION COMMITTEE MEMBERS**

Gayle Crowell, Chair  
Doreen Woo Ho  
Brad Koenig

*The information contained in the report above shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act except to the extent specifically incorporated by reference therein.*

## EXECUTIVE COMPENSATION TABLES

### Summary Compensation Table

Name and Principal Position	Year	Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(3)</sup>	All Other Compensation (\$) <sup>(4)</sup>	Total (\$)
Scott Bluestein .....	2020	\$650,000	\$2,100,000	\$3,989,493	—	\$1,131,911	\$ 7,871,404
<i>Chief Executive Officer and</i>	2019	\$594,028	\$1,915,000	\$4,249,994	—	\$ 825,179	\$ 7,584,201
<i>Chief Investment Officer</i>	2018	\$515,000	\$ 825,000	\$9,257,843	—	\$ 460,090	\$11,057,933
Seth H. Meyer .....	2020	\$550,000	\$ 700,000	\$1,069,995	—	\$ 169,498	\$ 2,489,493
<i>Chief Financial Officer</i>	2019	\$456,250	\$ 625,000	\$ 499,998	—	\$ 66,162	\$ 1,647,411
Melanie Grace .....	2020	\$366,011	\$ 135,000	\$ 135,005	—	\$ 117,585	\$ 753,601
<i>General Counsel, Chief</i>	2019	\$365,567	\$ 115,000	\$ 184,197	—	\$ 108,247	\$ 773,011
<i>Compliance Officer &amp; Secretary</i>	2018	\$355,350	\$ 125,000	\$ 334,998	—	\$ 85,770	\$ 901,118

- (1) Salary column amounts represent base salary compensation received by each named executive officer (“NEO”) for the listed fiscal year. Includes holiday pay to Messrs. Bluestein and Meyer, and Ms. Grace in the amount of \$35,000, \$29,615 and \$19,708, respectively.
- (2) Bonus column amounts represent the annual cash bonus earned during the fiscal year and awarded and paid out during the first quarter of the following fiscal year.
- (3) The amounts reflect the aggregate grant date fair value of restricted stock unit awards made to our NEOs during the applicable year computed in accordance with FASB ASC Topic 718. The grant date fair value of each restricted stock award is measured based on the closing price of our common stock on the date of grant.
- (4) All Other Compensation column includes the following:
- Employer matching contributions under our 401(k) plan of (a) \$19,500 to Mr. Bluestein, \$26,000 to Mr. Meyer and \$25,621 to Ms. Grace in 2020 (b) \$19,000 to Mr. Bluestein and \$25,000 to Mr. Meyer and Ms. Grace in 2019; and (c) \$18,500 to Mr. Bluestein and Ms. Grace in 2018.
  - Distributions to Messrs. Bluestein and Meyer and Ms. Grace in the amount of \$503,283, \$143,498 and \$16,956, respectively, were paid on unvested restricted stock awards during 2020.
  - Distributions to Messrs. Bluestein and Meyer and Ms. Grace in the amount of \$118,879, \$41,162 and \$9,185, respectively, were paid on unvested restricted stock awards during 2019.
  - Distributions to Mr. Bluestein and Ms. Grace in the amount of \$144,229 and \$20,180, respectively, were paid on unvested restricted stock awards during 2018.
  - Dividend equivalent shares to Mr. Bluestein and to Ms. Grace valued at \$609,128 and \$75,008 respectively, were issued on restricted stock units during 2020.
  - Dividend equivalent shares to Mr. Bluestein valued at \$687,301, and to Ms. Grace valued at \$74,062 were issued on restricted stock units during 2019.
  - Dividend equivalent shares to Mr. Bluestein valued at \$297,361, and to Ms. Grace valued at \$47,090 were issued on restricted stock units during 2018.

## Grants of Plan Based Awards in 2020

<u>Name</u>	<u>Grant Date</u>	<u>All Other Stock Awards: Number of Shares of Stock or Units Threshold</u>	<u>Grant Date Fair Value of Stock and Option Awards<sup>(1)</sup></u>
Scott Bluestein .....	1/13/2020	281,943 <sup>(2)</sup>	\$3,989,493
Seth H. Meyer .....	1/13/2020	75,618 <sup>(2)</sup>	\$1,069,995
Melanie Grace .....	1/13/2020	9,541 <sup>(2)</sup>	\$ 135,005

(1) The amounts reflect the aggregate grant date fair value of computed in accordance with FASB ASC Topic 718.

(2) Award of restricted stock that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months. Dividends will generally be paid with respect to restricted stock at the normal (non-preferential) dividend rate.

## Outstanding Equity Awards at Fiscal Year End, December 31, 2020

<u>Name</u>	<u>Number of shares or units of stock that have not vested</u>	<u>Market value of shares or units of stock that have not vested</u>	<u>Equity incentive plan awards: number of unearned shares, units or other rights that have not vested</u>	<u>Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested<sup>(1)</sup></u>
Scott Bluestein.....	7,670 <sup>(2)</sup>	\$ 110,601	—	—
	10,612 <sup>(3)</sup>	\$ 153,025	—	—
	121,086 <sup>(4)</sup>	\$1,746,060	—	—
	44,872 <sup>(5)</sup>	\$ 647,054	—	—
	281,943 <sup>(6)</sup>	\$4,065,618	—	—
	—	—	974,818 <sup>(8)</sup>	\$14,056,876
Seth H. Meyer.....	16,815 <sup>(7)</sup>	\$ 242,472	—	—
	75,618 <sup>(6)</sup>	\$1,090,412	—	—
Melanie Grace.....	1,071 <sup>(2)</sup>	\$ 15,444	—	—
	1,486 <sup>(3)</sup>	\$ 21,428	—	—
	6,867 <sup>(4)</sup>	\$ 99,022	—	—
	9,541 <sup>(6)</sup>	\$ 137,581	—	—

- (1) Market value is computed by multiplying the closing market price of the Company's stock at December 31, 2020 by the number of shares.
- (2) Restricted stock granted on 01/09/2018 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (3) Restricted stock units granted on 01/09/2018 that vest as to one-third of the shares underlying the award on the first anniversary of the grant date, and the remaining shares in equal quarterly installments over the next two years. Settlement of the restricted stock units is deferred following vesting and the restricted stock units will not be settled until the earliest to occur of (1) January 9, 2022, (2) the death or disability of the NEO, (3) the separation from service of the NEO, or (4) a change in control of the Company. This amount includes earned unvested dividend equivalents. These dividend equivalents vest when and if the restricted stock units to which they relate vest.
- (4) Restricted stock units granted on 01/31/2019 that vest as to one-third of the shares underlying the award on the first anniversary of the grant date, and the remaining shares in equal quarterly installments over the next two years. This amount includes earned unvested dividend equivalents. These dividend equivalents vest when and if the restricted stock units to which they relate vest.
- (5) Restricted stock granted on 07/17/2019 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (6) Restricted stock granted on 01/13/2020 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (7) Restricted stock granted on 03/14/2019 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (8) Retention PSUs vest based on the Company's Total Shareholder Return relative to certain publicly traded BDCs over the 4-year performance period, with 0% of the target number of PSUs vesting if the relative TSR is below the 25<sup>th</sup> percentile level of the peer group, 50% of the target number of PSUs vesting if the relative TSR is at the 25<sup>th</sup> percentile level of the peer group, 100% of the target number of PSUs vesting if the relative TSR is at the 50<sup>th</sup> percentile of the peer group, 200% of the target number of PSUs vesting if the relative TSR is at the 90<sup>th</sup> percentile of the peer group and by linear interpolation between the foregoing metrics. Values shown represent maximum performance at 200% of the target number of shares granted, exclusive of any accrued dividend equivalents. Actual performance equaled maximum performance based on the Company's TSR performance through December 31, 2020. Dividend equivalents will accrue in the form of additional Retention PSUs, but will not be paid unless the Retention PSUs to which such dividend equivalents relate actually vest. Based on maximum performance, there would have been 320,585 dividend equivalents accrued through December 31, 2020. TSR is calculated assuming dividend reinvestment and measurement begins on the date of grant and utilizes a 20-trading day volume weighted average price ending on the last trading day of the 4-year TSR performance period. In the event of death or disability occurring prior to the fourth anniversary of the date of grant, Retention PSUs will vest, along with any accrued dividend equivalents, on the date of such death or disability, with the relative TSR used to calculate such vesting to be the greater of (a) 50% and (b) the actual relative TSR as of the date of such death or disability. In the event of a voluntary termination prior to the fourth anniversary, all Retention PSUs, and accrued dividend equivalents, will be forfeited. In the event of an involuntary termination without cause prior to the fourth anniversary of the date of grant, the Retention PSUs will be pro-rated based on service through the date of termination and such pro-rated Retention PSUs will vest based on the actual relative TSR performance over the four-year TSR performance period. In the event of a termination for cause occurring at any time prior to delivery of the shares underlying the Retention PSUs, all Retention PSUs and accrued dividend equivalents will be forfeited. In the event of a change in control of the Company, Retention PSUs will vest and be paid on a non-pro-rated basis based on the actual relative TSR performance through the date of the change in control utilizing the transaction price for the Company and the peer group TSR through the date of the change in control. Settlement of the Retention PSUs is deferred following vesting until the fifth anniversary of the grant date. Notwithstanding the foregoing, in the event of (1) the death or disability of the NEO or (2) a change in control of the Company, the vested portion of the award will become payable on such date.

## Options Exercised and Stock Vested in 2020

<u>Name</u>	Stock Awards	
	Number of Shares Acquired on Vesting	Value Realized on Vesting
Scott Bluestein .....	201,561	\$2,520,629
Seth H. Meyer .....	23,540	\$ 264,960
Melanie Grace .....	9,600	\$ 122,948

## Nonqualified Deferred Compensation in 2020

### *Restricted Stock Units Awarded in 2017 and 2018*

In each of 2017 and 2018, the Company granted restricted stock units to Mr. Bluestein and Ms. Grace with a deferred settlement feature. These restricted stock units vest as to one-third of the shares underlying the awards on the first anniversary of the grant date, and they vest as to the remaining shares in equal quarterly installments over the next two years. Settlement of the restricted stock units is deferred following vesting and the restricted stock units will not be settled until the earliest to occur of (1) fourth anniversary of the grant date, (2) the death or disability of the NEO, (3) the separation from service of the NEO, or (4) a change in control of the Company. Each restricted stock unit will entitle the holder to dividend equivalents in the form of the Company's common stock, which dividend equivalent payments will be settled on the date the related restricted stock unit is settled. The following table provides the amounts deferred with respect to these restricted stock units granted in 2017 and 2018.

<u>Name</u>	Executive contributions in last fiscal year (\$) <sup>(1)</sup>	Aggregate earnings in last fiscal year (\$) <sup>(2)</sup>	Aggregate withdrawals/ distributions (\$)	Aggregate balance at last fiscal year end (\$) <sup>(3)</sup>
Scott Bluestein .....	\$590,318	\$692,182	—	\$4,310,682
Melanie Grace .....	\$ 87,111	\$109,048	—	\$ 686,068

- (1) Represents deferred restricted stock units with respect to the awards granted on 01/24/2017 and 01/09/2018, which were reported in the Summary Compensation Table in 2017 and 2018, respectively.
- (2) Represents appreciation and dividend equivalents with respect to the underlying deferred restricted stock units. Such dividend equivalents were reported in the Summary Compensation Table in the year in which they were accrued.
- (3) The aggregate balance at December 31, 2019 was \$3,028,182 for Mr. Bluestein and \$489,909 for Ms. Grace.

## Potential Payments Upon Termination or Change in Control

### *Retention Agreement*

In October 2017, Mr. Bluestein entered into a retention agreement with the Company. Pursuant to such retention agreement, if (1) his employment is terminated by the Company without cause or by him for good reason, or (2) the Company becomes an externally managed BDC and the new external advisor does not make a written offer of employment to Mr. Bluestein or makes a written offer of employment to him that is not on similar terms to his current employment with the Company (including, without limitation, authority, responsibilities, base salary, annual bonus opportunity, long term incentive opportunity and retention benefits) and he does not accept such offer then, subject to the his execution of a release of claims in favor of the Company, Mr. Bluestein shall be entitled to receive the following benefits: (a) a lump sum payment in an amount equal to 1.75 times the sum of (i) annual base salary and (ii) an amount equal to the three-year average annual bonus actually earned by and paid to Mr. Bluestein for the three full performance periods immediately prior to the termination date; (b) any unpaid annual bonus earned with respect to a prior performance period and not yet paid as the date of termination; (c) a pro rata annual bonus with respect to the performance period in which termination of employment occurs; (d) (x) continued vesting of outstanding equity awards for 1.75 years in the case of a termination not in connection with a change in control of the Company or (y) full vesting of outstanding equity awards in the case of a termination in connection with a change in control of the Company; and (e) reimbursement of the full amount of COBRA premiums for Mr. Bluestein and his eligible dependents for 18 months following termination of employment.

### *Accelerated Vesting of Equity Awards*

Subject to continued vesting or full vesting acceleration under the retention agreement with Mr. Bluestein described above, no unvested awards of restricted stock or restricted stock units will vest if an NEO terminates employment prior to the applicable vesting date. In the event of the death or disability of an NEO or a change in control of the Company, all unvested restricted stock units and all unvested shares of restricted stock granted in 2019 and 2020 will vest in full and, in the case of restricted stock units, will be settled as soon as reasonably practicable following such death, disability or change in control. With respect to the Retention PSUs held by Mr. Bluestein, in the event of death or disability occurring prior to the fourth anniversary of the date of grant, Retention PSUs will vest, along with any accrued dividend equivalents, on the date of such death or disability, with the relative TSR used to calculate such vesting to be the greater of (a) 50% and (b) the actual relative TSR as of the date of such death or disability. In the event of a voluntary termination prior to the fourth anniversary, all Retention PSUs, and accrued dividend equivalents, will be forfeited. In the event of an involuntary termination without cause prior to the fourth anniversary of the date of grant, the Retention PSUs will be pro-rated based on service through the date of termination and such pro-rated Retention PSUs will vest based on the actual relative TSR performance over the four-year TSR performance period. In the event of a termination for cause occurring at any time prior to delivery of the shares underlying the Retention PSUs, all Retention PSUs and accrued dividend equivalents will be forfeited. In the event of a change in control of the Company, the Retention PSUs will vest and be paid on a non-pro-rated basis based on the actual relative TSR performance through the date of the change in control utilizing the transaction price for the Company and the peer group TSR through the date of the change in control. Settlement of the Retention PSUs is deferred following vesting until the fifth anniversary of the grant date. Notwithstanding the foregoing, in the event of (1) the death or disability of Mr. Bluestein or (2) a change in control of the Company, the vested portion of the award will become payable on the date of such death, disability or change in control.

The following table provides estimates of the potential payments and benefits each NEO would receive assuming his or her employment was terminated on December 31, 2020. In the event an NEO was terminated on such date for cause, no payments and benefits under the retention agreement would become payable and the Retention PSUs would be forfeited.

Name	Benefit	Upon death or disability <sup>(1)</sup>	Upon a change in control <sup>(1)</sup>	Termination without cause prior to a change in control <sup>(2)</sup>	Resignation for good reason prior to a change in control <sup>(2)</sup>	Termination without cause or resignation for good reason after a change in control <sup>(2)</sup>
Scott Bluestein . . . . .	Salary	—	—	\$ 1,137,500	\$ 1,137,500	\$ 1,137,500
	Bonus	—	—	\$ 3,199,167	\$ 3,199,167	\$ 3,199,167
	Other <sup>(3)</sup>	—	—	\$ 76,552	\$ 76,552	\$ 76,552
	Accelerated equity award vesting	\$25,291,454	\$25,291,454	\$18,497,889	\$ 6,044,763	\$25,402,056
	Total	\$25,291,454	\$25,291,454	\$22,911,108	\$10,457,982	\$29,815,275
Seth H. Meyer . . . . .	Accelerated equity award vesting	\$ 1,332,884	\$ 1,332,884	—	—	\$ 1,332,884
	Total	\$ 1,332,884	\$ 1,332,884	—	—	\$ 1,332,884
	Accelerated equity award vesting	\$ 258,031	\$ 258,031	—	—	\$ 258,031
Melanie Grace . . . . .	Total	\$ 258,031	\$ 258,031	—	—	\$ 258,031

- (1) In the event of the death or disability of an NEO or a change in control of the Company, all unvested restricted stock units and all unvested shares of restricted stock granted in 2019 and 2020 will vest in full and, in the case of restricted stock units, will be settled as soon as reasonably practicable following such death, disability or change in control. On December 31, 2020, Messrs. Bluestein and Meyer and Ms. Grace held the following number of outstanding restricted stock units, respectively: 131,698 units, 0 units and 8,353 units. On December 31, 2020, Messrs. Bluestein and Meyer and Ms. Grace held the following number of outstanding shares of restricted stock granted in 2019 and 2020, respectively: 326,815 shares, 92,433 shares and 9,541 shares. With respect to Retention PSUs held by Mr. Bluestein, in the event of death or disability occurring prior to the fourth anniversary of the date of grant, Retention PSUs will vest, along with any accrued dividend equivalents, on the date of such death or disability, with the relative TSR used to calculate such vesting to be the greater of (a) 50% and (b) the actual relative TSR as of the date of such death or disability. On December 31, 2020, the greater is the actual relative TSR, and thus, 200% of the target amount of the Retention PSUs and accrued dividend equivalents would have vested had a death or disability occurred on such date. Accordingly, Mr. Bluestein would have vested in 1,295,402 PSUs. In the event of a change in control of the Company, the Retention PSUs will vest and be paid on a non-pro-rated basis based on the actual relative TSR performance through the date of the change in control. Assuming a change in control of the Company occurred on December 31, 2020, based on the Company's closing stock price of \$14.22, 200% of the target amount of the Retention PSUs and accrued dividend equivalents would have vested, which would have resulted in Mr. Bluestein vesting in 1,295,402 PSUs.
- (2) Pursuant to the retention agreement entered into by Mr. Bluestein, he shall be entitled to receive certain benefits described above under the section titled "Retention Agreement." The amounts included in the rows for salary, bonus, other and accelerated equity award vesting (except for amounts with respect to Retention PSUs) are governed by the retention agreement. For purposes of determining the payments and benefits that Mr. Bluestein would be entitled to under the retention agreement, a salary of \$650,000, and three-year average annual bonuses of \$1,163,333 were used for Mr. Bluestein. With respect to accelerated equity award vesting, on December 31, 2020, Mr. Bluestein held 131,698 outstanding restricted stock units and 334,485 shares of restricted stock of which 131,698 restricted stock units and 287,494 shares of restricted stock would vest within 1.75 years of December 31, 2020. The retention agreement does not modify the terms of the Retention PSUs. With respect to the Retention PSUs, in the event of an involuntary termination without cause prior to the fourth anniversary of the date of grant, the Retention PSUs will be pro-rated based on service through the date of termination and such pro-rated Retention PSUs will vest based on the actual relative TSR performance over the four-year TSR performance period. Assuming a termination without cause on December 31, 2020, 66.67% would be prorated for service through December 31, 2020. Because the actual relative TSR performance over the performance period will not be known until after the performance period ends on May 2, 2022, the actual relative TSR performance has been based on the actual relative TSR performance as of December 31, 2020, which would result in assumed vesting of 200% of the target amount of the Retention PSUs and accrued dividend equivalents. Thus, after prorating for a short service period ending on December 31, 2020, Mr. Bluestein would have vested in 863,601 PSUs. Such number of vested PSUs earned by Mr. Bluestein would increase by the amount of dividend equivalents accrued until the end of the performance period on May 2, 2022, which amount of dividend equivalents will be dependent on the Company's stock price and the amount of each such dividend.
- (3) Reimbursement of the full amount of COBRA premiums for Mr. Bluestein and his eligible dependents for 18 months following termination of employment, estimated at \$4,252.88 per month.





## COMPENSATION OF DIRECTORS

Our Compensation Committee has the authority from our Board for the appointment, compensation and oversight of our outside compensation consultant. Our Compensation Committee generally engages a compensation consultant every other year to assist it with its responsibilities related to our director compensation program.

The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of our directors during the fiscal year ended December 31, 2020.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$)	All Other Compensation (\$) <sup>(3)</sup>	Total (\$)
Robert P. Badavas .....	\$201,250	\$59,994	—	\$3,629	\$264,873
Gayle Crowell.....	\$157,569	—	—	\$3,481	\$161,051
Thomas J. Fallon.....	\$150,000	—	—	—	\$150,000
Carol L. Foster.....	\$150,000	\$59,994	—	\$5,675	\$215,669
Joseph F. Hoffman .....	\$175,000	—	—	\$5,341	\$180,341
Brad Koenig .....	\$150,000	—	—	—	\$150,000
Jorge Titinger.....	\$118,750	—	—	—	\$118,750
Doreen Woo Ho.....	\$165,000	—	—	\$5,341	\$170,341
Scott Bluestein <sup>(4)</sup> .....	—	—	—	—	—

(1) Messrs. Fallon, Hoffman, Koenig and Mss. Crowell and Woo Ho earned \$100,000, \$125,000, \$100,000, \$107,569 and \$115,000, respectively, in cash and each elected to receive an additional retainer fee of 4,379 shares of our common stock in lieu of cash with a total value of \$50,000.

(2) During 2020, in connection with their re-election to our Board, we granted Mr. Badavas and Ms. Foster a restricted stock award for 5,499 shares each of common stock. The amounts presented reflect the aggregate grant date fair value of the stock awards, as computed in accordance with FASB ASC Topic 718. The grant date fair value of each restricted stock award is measured based on the closing price of our common stock on the date of grant.

(3) Represents distributions paid during 2020 on unvested common stock under restricted stock awards.

(4) As an employee director, Mr. Bluestein did not receive any compensation for his service as a director. The compensation Mr. Bluestein received as our chief executive officer is disclosed in the Summary Compensation Table and elsewhere under "EXECUTIVE COMPENSATION."

As of December 31, 2020, Messrs. Badavas, Fallon, Hoffman and Ms. Woo Ho had outstanding options in the amount of 30,000, 15,000, 25,000 and 10,000, respectively. As of December 31, 2020, Mr. Badavas, Hoffman and Mss. Crowell, Foster and Woo Ho held unvested shares of restricted stock in the amount of 5,499, 3,070, 1,439, 5,499 and 3,070, respectively.

During 2020, the fees for serving on our Board as an independent director included the following:

<b>Annual Director Retainer Fee</b> .....	\$100,000
<b>Annual Chairperson Fee</b> .....	\$25,000, Audit Committee
	\$25,000, Compensation Committee
	\$15,000, Governance Committee
<b>Annual Chairman of the Board Fee</b> .....	\$60,000

In addition, pursuant to Board approval, each year we typically provide our directors an additional retainer fee of either \$50,000 in cash or shares of our common stock, as elected by each individual director. In 2020, Messrs. Fallon, Hoffman and Koenig and Mss. Crowell and Woo Ho elected to receive 4,379 shares of our common stock in lieu of cash with a total value of \$50,000, as discussed above in Footnote 1 of the Compensation of Directors table.

Employee directors do not receive compensation for serving on our Board. In addition, we reimburse our directors for their reasonable out-of-pocket expenses incurred in attending Board meetings.

## EQUITY COMPENSATION PLAN INFORMATION

<u>Plan Category</u>	<u>(a) Number of Securities to be issued upon exercise of outstanding options, and warrants</u>	<u>(b) Weighted-average exercise price of outstanding options, and warrants</u>	<u>(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</u>
Equity compensation plans approved by stockholders:			
2018 Equity Incentive Plan .....	2,456,581 <sup>(1)</sup>	\$13.47	7,344,285
2006 Non-Employee Director Plan <sup>(2)</sup> .....	80,000 <sup>(3)</sup>	\$13.65	0
2018 Non-Employee Director Plan <sup>(4)</sup> .....			272,033
Equity compensation plans not approved by stockholders:	—	—	—
Total .....	2,536,581		7,616,318

(1) Represents the number of shares of common stock associated with outstanding options (438,809 shares), unsettled PSUs (1,295,403 shares) and unsettled RSUs along with dividend equivalent units on such RSUs (722,369 shares) under the 2018 Equity Incentive Plan. The number of shares related to unsettled PSUs, RSUs and dividend equivalent units are not included in the weighted-average exercise price in column (b).

(2) Our 2006 Non-Employee Director Plan terminated on June 21, 2017 and no additional awards may be made under our 2006 Non-Employee Director Plan.

(3) Represents the number of shares of common stock associated with outstanding options under the 2006 Non-Employee Director Plan.

(4) Our 2018 Non-Employee Director Plan was approved on June 28, 2018.

## **PROPOSAL 2: ADVISORY VOTE TO APPROVE THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION**

**The Board of Directors unanimously recommends that you vote FOR this proposal  
(Item 2 on your proxy card)**

### **Introduction to Advisory Vote on Say-on-Pay**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 gives stockholders the opportunity to cast an advisory vote on the compensation of our NEOs, as disclosed in this Proxy Statement. Our Board recommends that stockholders approve the advisory vote on executive compensation set forth below.

### **2020 Advisory Vote on Executive Compensation**

At our 2020 annual meeting of stockholders, our advisory say-on-pay vote received 88.95% support from our stockholders of the votes cast. Our Compensation Committee believes this affirms our stockholders' support of our approach to executive compensation, and, as a result, the Compensation Committee did not make any significant changes to our executive compensation program for 2020. The Compensation Committee will continue to consider the outcome of our say-on-pay votes when making future compensation decisions for our named executive officers.

We have taken the following actions over the last several years to make sure our executive compensation more closely aligns Company performance to stockholder interests:

- Aligned long-term performance incentive awards with stockholder interests by tying incentive awards to, among other things, key financial metrics based on objective criteria;
- Enhanced our CD&A disclosure to better explain the Company's compensation principles and process;
- Established a clawback policy to enable the Company to recover executive incentive compensation if, among other things, the Company restates its financial statements;
- Re-evaluated our stock ownership policy for executive officers and our directors that requires minimum ownership as a multiple of base salary, in the case of executive officers, and minimum ownership as a multiple of their annual cash retainer, in the case of our directors; and
- Removed income tax gross-up payments in the event of a future change in control of the Company.

The above enhancements to our compensation program demonstrate our commitment to ensuring that our executive compensation program aligns our executives' compensation with the Company's short-term and long-term performance and stockholder interests and, at the same time, provides the compensation and incentives needed to attract, reward, motivate, and retain key executives.

### **2020 NEO Compensation**

Please read the "*Executive Compensation—Compensation Discussion and Analysis*" and "*EXECUTIVE COMPENSATION TABLES*" for additional details about our executive compensation programs.

We believe, in light of the compensation paid by us to our NEOs in 2020 and our financial performance during the relevant periods, that our executive compensation programs are designed with the goal of providing compensation that is fair, reasonable and competitive, and our programs are intended to help us align the compensation paid to our NEOs with corporate and executive performance goals that have been established to achieve both our short-term and long-term objectives. Our Compensation Committee will continue to review the compensation programs for our NEOs to ensure our programs achieve the desired goals of aligning our executive compensation structure with our stockholders' interests and current market practices.

## 2021 Advisory Vote on Say-on-Pay

Our Compensation Committee believes that our executive compensation programs, executive officer pay levels and individual pay actions approved for our executive officers, including our NEOs, are directly aligned with our executive compensation philosophy, fully support our business goals and our operating plan and provide an appropriate balance between risk and incentives. We are asking our stockholders to indicate their support for our NEO compensation as described in this Proxy Statement. Accordingly, we ask our stockholders to vote **“FOR”** the following resolution at the 2021 annual meeting:

*“**RESOLVED**, that the Company’s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company’s Proxy Statement for the 2021 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2020 Summary Compensation Table and the other related tables and narrative discussion contained in this Proxy Statement.”*

The say-on-pay vote is advisory, and therefore not binding on the Company, our Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our stockholders. To the extent there is any significant vote against the NEO compensation as disclosed in this Proxy Statement, we will consider our stockholders’ concerns and our Compensation Committee will evaluate whether any actions are necessary to address those concerns.

### Required Vote

This proposal requires an affirmative vote of the majority of the votes cast at the 2021 annual meeting of stockholders in person virtually or by proxy. Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote. The persons named in the accompanying proxy intend to vote proxies received by them in favor of this proposal unless a choice of “Against” or “Abstain” is specified.

### Broker Non-Votes

**A broker non-vote is a vote that is not cast on a non-routine matter by a broker that is present (in person or by proxy) at the meeting because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner. Proposal 2 is a non-routine matter. As a result, if you hold shares in “street name” through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to exercise voting discretion with respect to Proposal 2, the advisory vote on executive compensation. Therefore, if you do not vote and you do not give your broker or other nominee specific instructions on how to vote for you, then your shares will have no effect on Proposal 2.**

**OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE “FOR”  
THE PROPOSAL TO APPROVE, ON AN ADVISORY BASIS, THE COMPANY’S  
NAMED EXECUTIVE OFFICER COMPENSATION.**

**PROPOSAL 3: RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANT  
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021**

**The Board of Directors unanimously recommends that you vote FOR this proposal  
(Item 3 on your proxy card)**

Our Audit Committee and our non-interested directors have selected PwC to serve as our independent public accountant for the fiscal year ending December 31, 2021. This selection is subject to the ratification or rejection by our stockholders.

During the two most recent fiscal years, neither Hercules or any person on its behalf has consulted with PwC with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements or (ii) any matter that was either the subject of a “disagreement” or a “reportable event” as such terms are described in Items 304(a)(1)(iv) or 304(a)(1)(v), respectively, of Regulation S-K under the Exchange Act.

PwC has advised us that neither the firm nor any present member or associate of it has any material financial interest, direct or indirect, in Hercules or its affiliates. It is expected that a representative of PwC will be present at the 2021 annual meeting of stockholders and will have an opportunity to make a statement if he or she chooses and will be available to answer other questions.

**Required Vote**

This proposal requires the affirmative vote of the majority of the votes cast at the 2021 annual meeting of stockholders in person virtually or by proxy. Abstentions will not be counted as votes cast and will have no effect on the result of the vote. The persons named in the accompanying proxy intend to vote proxies received by them in favor of this proposal unless a choice of “Against” or “Abstain” is specified.

**Broker Non-Votes**

A broker non-vote is a vote that is not cast on a non-routine matter by a broker that is present (in person or by proxy) at the meeting because the shares entitled to cast the vote are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner. Proposal 3, the ratification of the selection of PwC to serve as our independent registered public accounting firm, is a routine matter. As a result, if you beneficially own your shares and you do not provide your broker or nominee with voting instructions, then your broker, bank or nominee will be able to vote your shares for you on Proposal 3.

**Principal Accountant Fees and Services**

The following aggregate fees by PwC, our independent public accounting firm, were billed to us for work attributable to 2020 and 2019 audit, tax and other services.

	Fiscal Year Ended (in millions)	
	2020	2019
Audit Fees . . . . .	\$1.1	\$1.1
Audit-Related Fees . . . . .	—	—
Tax Fees . . . . .	\$0.1	\$0.1
All Other Fees . . . . .	\$0.2	\$0.1
Total Fees: . . . . .	<u>\$1.4</u>	<u>\$1.3</u>

**Audit Fees.** Audit fees include fees for services that normally would be provided by the accountant in connection with statutory and regulatory filings or engagements and that generally only the independent accountant can provide. In addition to fees for the audit of our annual financial statements, the audit of the effectiveness of our internal control over financial reporting and the review of our quarterly financial statements in accordance with generally accepted auditing standards, this category contains fees for comfort letters, statutory audits, consents, and assistance with and review of documents filed with the SEC.

**Audit-Related Fees.** Audit related fees are assurance related services that traditionally are performed by the independent accountant, such as attest services that are not required by statute or regulation.

**Tax Fees.** Tax fees in fiscal years 2020 and 2019 include professional fees for tax compliance and tax advice.

**All Other Fees.** Fees for other services would include fees for products and services other than the services reported above. Our Audit Committee has considered the compatibility of non-audit services with the auditor's independence.

### **Pre-Approval Policy**

All services rendered by PwC were permissible under applicable laws and regulations, and were pre-approved by the Audit Committee for 2020 and 2019, as applicable, in accordance with its pre-approval policy. The Audit Committee has established a policy regarding the pre-approval of all audit and permissible non-audit services provided by our independent auditors. The policy requires the Audit Committee to approve each audit or non-audit engagement or accounting project involving the independent auditors and the related fees, prior to the commencement of the engagement or project to make certain that the provision of such services does not adversely affect the firm's independence. Approval of such engagement is provided at regularly scheduled meetings of the Audit Committee. However, the Audit Committee may delegate pre-approval authority to the Audit Committee chairman or any of the Audit Committee members who is an independent director, so long as the estimated fee for the particular service for which pre-approval is sought does not exceed \$100,000. Our Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent public accounting firm to management.

### **AUDIT COMMITTEE REPORT**

Management is responsible for our internal controls and the financial reporting process. The independent auditors are responsible for performing an independent audit of our financial statements in accordance with auditing standards generally accepted in the United States and expressing an opinion on the conformity of those audited financial statements in accordance with accounting principles generally accepted in the United States. Our Audit Committee's responsibility is to monitor and oversee these processes. Our Audit Committee is also directly responsible for the appointment, compensation and oversight of our independent registered public accounting firm.

We have reviewed and discussed with management and PricewaterhouseCoopers LLP ("PwC") our audited financial statements. Management has represented to our Audit Committee that our financial statements were prepared in accordance with accounting principles generally accepted in the United States.

We discussed with PwC the overall scope and plan for their audit. We met with PwC with and without management present, to discuss the results of its examination, its evaluation of the Company's internal controls, and the overall quality of our financial reporting.

We have reviewed and discussed with PwC matters required to be discussed pursuant to the PACOB Auditing Standard 1301 "Communications with Audit Committees" and Rule 2-07 of Regulation S-X, "Communications with Audit Committees." We have received from PwC the written disclosures and letter required by the applicable requirements of the PCAOB regarding PwC's communications with the Audit Committee concerning independence. We have discussed with PwC matters relating to its independence, including a review of both audit and non-audit fees, and considered the compatibility of non-audit services with PwC's independence.

### **Conclusion**

Based on our Audit Committee's review and discussions referred to above, our Audit Committee recommended that our Board include the audited financial statements in our annual report on Form 10-K for the year ended December 31, 2020 for filing with the SEC.

### **AUDIT COMMITTEE MEMBERS**

Joseph F. Hoffman, Chair  
Robert P. Badavas  
Brad Koenig  
Carol L. Foster

*The Audit Committee Report does not constitute soliciting material and shall not be deemed to be filed or incorporated by reference into any other Company filing under the Securities Act or the Exchange Act except to the extent that the Company specifically incorporates the Audit Committee Report by reference therein.*



## STOCKHOLDER PROPOSALS

A stockholder who intends to present a proposal at our 2022 annual meeting of stockholders pursuant to the SEC's Rule 14a-8 must submit the proposal in writing to Hercules at our address in Palo Alto, California, and we must receive the proposal on or before December 31, 2021, in order for the proposal to be considered for inclusion in our Proxy Statement for that meeting. The submission of a proposal does not guarantee its inclusion in our Proxy Statement or presentation at the 2022 annual meeting of stockholders.

Under our current Bylaws, nominations for directors and proposals of business, other than those to be included in our proxy materials following the procedures described in Rule 14a-8, may be made by stockholders entitled to vote at the meeting if notice is timely given and if the notice contains the information required in our Bylaws. Except as noted below, to be timely, proposals and nominations with respect to the 2022 annual meeting of stockholders must be delivered to our secretary no earlier than the 150<sup>th</sup> day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting and not later than 5:00 p.m., Eastern Time, on the 120<sup>th</sup> day prior to the first anniversary of the date of the mailing of the notice for the preceding year's annual meeting. For the 2022 annual meeting of stockholders, we must receive such proposals and nominations no earlier than December 1, 2021 and no later than December 31, 2021. If the date of the annual meeting has been changed by more than thirty calendar days from the first anniversary of the date of the preceding year's annual meeting, stockholder proposals or director nominations must be so received no earlier than the 150<sup>th</sup> day prior to the date of such annual meeting and not later than 5:00 p.m., Eastern Time, on the later of the 120<sup>th</sup> 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. Proposals must comply with the other requirements contained in our Bylaws, including supporting documentation and other information. Proxies solicited by us will confer discretionary voting authority with respect to these proposals, subject to SEC rules governing the exercise of this authority.

Notices of intention to present proposals at the 2022 annual meeting of stockholders should be addressed to Melanie Grace, Secretary, Hercules Capital, Inc., 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301. We reserve the right to reject, rule out of order, or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

Please note that only one copy of the Proxy Statement may be delivered to two or more stockholders who share an address unless we have received contrary instructions from one or more of the stockholders. We will deliver promptly, upon request, a separate copy of any of these documents to stockholders at a shared address to which a single copy of such document(s) was delivered. Stockholders who wish to receive a separate copy of any of these documents, or to receive a single copy of such documents if multiple copies were delivered, now or in the future, should submit their request by writing to us or by calling us at (650) 289-3060. Please direct your written requests to Melanie Grace, Secretary, Hercules Capital, Inc., 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301.

**WE WILL FURNISH, WITHOUT CHARGE, A COPY OF OUR ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2020, INCLUDING CONSOLIDATED FINANCIAL STATEMENTS, BUT NOT INCLUDING EXHIBITS, TO EACH OF OUR STOCKHOLDERS OF RECORD ON APRIL 23, 2021, AND TO EACH BENEFICIAL STOCKHOLDER ON THAT DATE UPON WRITTEN REQUEST MADE TO MELANIE GRACE, SECRETARY, HERCULES CAPITAL, INC., 400 HAMILTON AVENUE, SUITE 310, PALO ALTO, CA 94301. A REASONABLE FEE WILL BE CHARGED FOR COPIES OF REQUESTED EXHIBITS.**

You are cordially invited to attend the 2021 annual meeting to be held virtually at [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021). Whether or not you plan to attend the virtual 2021 annual meeting, you are requested to complete, date, sign and promptly return the accompanying proxy card in the enclosed postage-paid envelope.

By Order of the Board



Melanie Grace  
General Counsel, Chief Compliance Officer and  
Secretary



## QUESTION AND ANSWER

### PROXY STATEMENT GENERAL INFORMATION

**Q: Why did you send me this Proxy Statement?**

A: We have sent you this Proxy Statement and the enclosed proxy card because our Board is soliciting your proxy to vote at our 2021 annual meeting of stockholders. The annual meeting will be held virtually at [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021), on June 24, 2021 at 9 a.m., Pacific Time. This Proxy Statement summarizes the information regarding the matters to be voted upon at the annual meeting. However, you do not need to attend the virtual annual meeting to vote your shares. You may simply complete, sign and return the enclosed proxy card or authorize a proxy to vote your shares by telephone or over the Internet in accordance with the instructions contained on the proxy card. If your shares are held in “street name,” you will receive instructions for the voting of your shares from your broker, bank or other nominee, which may permit telephone or Internet voting. Follow the instructions on the voting instruction form that you receive from your broker, bank or other nominee to ensure that your shares are properly voted at the annual meeting. Further information on voting your shares is provided below under “How do I vote?”

We plan to begin mailing this Proxy Statement on or about April 30, 2021 to all stockholders entitled to vote their shares at our annual meeting.

**Q: Who can vote, and how many votes do I have?**

A: If you owned shares of our common stock at the close of business on April 23, 2021, you are entitled to vote your shares at our virtual 2021 annual meeting. This date is the record date for the annual meeting. As of the record date, we had 115,743,190 shares of common stock outstanding.

Each share of our common stock that you owned on the record date entitles you to one vote on each matter to be voted on at the annual meeting.

**Q: How do I vote?**

A: If your shares are registered in your name, you may vote at the virtual annual meeting or by proxy without attending the meeting. Registered stockholders may also authorize a proxy to vote by telephone or over the Internet by following the instructions included with your proxy card or the notice we mailed to you. In addition, if you received a printed proxy card, you may mark, sign, date, and mail the proxy card you received from Hercules in the postage-paid return envelope. If you vote by any of these available methods, your shares will be voted at the annual meeting in accordance with your instructions. If you sign and return the proxy card or vote by telephone or over the Internet, but do not provide voting instructions on some or all of the proposals, your shares will be voted by the persons named in the proxy card on all uninstructed proposals in accordance with the recommendations of our Board given below.

If your shares are held in “street name” by a broker, bank or other nominee, that person, as the record holder of your shares, is required to vote your shares according to your instructions. Your bank, broker or other nominee will send you directions on how to vote those shares, which may include the ability to instruct the voting of your shares by telephone or over the Internet.

**Q: What is the quorum requirement for the annual meeting?**

A: A quorum of stockholders must be present for any business to be conducted at the annual meeting. The quorum requirement for holding the annual meeting and transacting business is the presence in person or by proxy of a majority of our outstanding shares entitled to be voted. Abstentions and broker non-votes will be treated as shares present for determining whether a quorum is established. If there are not sufficient votes for a quorum to be established, the chairman of the annual meeting may adjourn the meeting to permit further solicitation of proxies by the company.

**Q: What does it mean if I receive more than one proxy card?**

A: If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

**Q: What is householding?**

A: Some banks, brokers and other nominee record holders may be “householding” our Proxy Statements, annual reports and related materials. “Householding” means that only one copy of these documents may have been sent to multiple stockholders in one household. If you would like to receive your own set of Hercules’ Proxy Statements, annual reports and related materials, or if you share an address with another Hercules stockholder and together both of you would like to receive only a single set of these documents, please contact your bank, broker or other nominee.

**Q: May I change my vote or revoke my proxy?**

A: If you are a registered stockholder, you may revoke or change your proxy at any time before it is voted by notifying the secretary of Hercules in writing, by returning a signed proxy with a later date or submitting an electronic proxy as of a later date or by virtually attending the meeting and voting at the meeting. Attendance at the Annual Meeting, in and of itself, will not constitute a revocation of a proxy. If your shares are held in “street name,” you must contact your bank, broker or other nominee for instructions on changing your vote.

**Q: What if I do not authorize my shares are to be voted?**

A: If you are the stockholder of record of your shares and you do not authorize a proxy to vote your shares by proxy card, by telephone or via the Internet or vote at the annual meeting, your shares will not be voted at the annual meeting.

If you hold your shares in “street name,” your bank, broker or other nominee may vote your shares only on those proposals on which it has discretion to vote. Under the rules of the NYSE, your bank, broker or other nominee does not have discretion to vote your shares on non-routine matters. **Proposal 1 and Proposal 2 are non-routine matters. As a result, if you hold shares in “street name” through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to exercise voting discretion with respect to Proposal 1, the election of directors or Proposal 2, the advisory vote on executive compensation. Proposal 3, the ratification of the selection of PwC to serve as our independent registered public accounting firm, is a routine matter. As a result, if you beneficially own your shares and you do not provide your broker or nominee with voting instructions, then your broker, bank or nominee will be able to vote your shares for you on Proposal 3.**

**Q: What are the Board’s recommendations on how to vote my shares?**

A: Our Board recommends the following:

- *Proposal 1*—**FOR** the election of the nominees named herein as a director
- *Proposal 2*—**FOR** the approval of the advisory proposal on named executive officer compensation
- *Proposal 3*—**FOR** the ratification of PwC as our independent public accounting firm

In addition, if other matters are presented at the annual meeting, the persons named in the proxy card as proxy holders are authorized to vote on the additional matters as they determine.

**Q: What if I do not specify how my shares are to be voted?**

A: If you are a stockholder of record and you submit a proxy, but you do not provide voting instructions, your shares will be voted:

- *Proposal 1*—**FOR** the election of the nominees named herein as a director
- *Proposal 2*—**FOR** the approval of the advisory proposal on named executive officer compensation
- *Proposal 3*—**FOR** the ratification of PwC as our independent public accounting firm
- In the discretion of the named proxies regarding any other matters properly presented for a vote at the annual meeting

If you are a beneficial owner and you do not provide the broker or other nominee that holds your shares with voting instructions, your bank, broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under the NYSE’s rules, banks, brokers and other nominees do not have discretion to vote on non-routine matters. **Proposal 1 and Proposal 2 are non-routine matters. As a result, if you hold shares in “street name” through a broker, bank or other nominee, your broker, bank or nominee will not be permitted to**

exercise voting discretion with respect to Proposal 1, the election of directors or Proposal 2, the advisory vote on executive compensation. Therefore, if you do not vote and you do not give your broker or other nominee specific instructions on how to vote for you, then your shares will have no effect on Proposal 1 or Proposal 2. Proposal 3, the ratification of the selection of PwC to serve as our independent registered public accounting firm, is a routine matter. As a result, if you beneficially own your shares and you do not provide your broker or nominee with voting instructions, then your broker, bank or nominee will be able to vote your shares for you on Proposal 3.

**Q: What is the vote required for each proposal?**

A:	Proposal	Vote Required	Broker Discretionary Voting Allowed?	Effect of Abstentions and Broker Non-Votes
	<b>Proposal 1</b> —Election of three directors nominated by our Board and named in this Proxy Statement who will serve for the terms specified in this Proxy Statement	Affirmative vote of a majority of the total votes cast for and votes cast against a nominee at the annual meeting in person or by proxy	No	Because directors are elected by a majority of the votes cast, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option for this proposal. Broker non-votes will have no effect on the results of this vote
	<b>Proposal 2</b> —Approval of advisory proposal on named executive officer compensation	Affirmative vote of a majority of the votes cast at the annual meeting in person or by proxy	No	Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote
	<b>Proposal 3</b> —Ratification of the selection of PwC to serve as our independent public accounting firm for the fiscal year ending December 31, 2021	Affirmative vote of a majority of the votes cast at the annual meeting in person or by proxy	Yes	Abstentions will not be counted as votes cast and will have no effect on the result of the vote; no broker non-votes on this proposal

**Q: What are abstentions and “broker non-votes”?**

A: An abstention represents action by a stockholder to refrain from voting “for” or “against” a proposal. “Broker non-votes” represent votes that are not cast on a non-routine matter by a broker that is present (in person or by proxy) at the meeting because the shares entitled to cast the votes are held in street name, the broker lacks discretionary authority to vote the shares and the broker has not received voting instructions from the beneficial owner.

**Q: Who is paying for the costs of soliciting these proxies?**

A: Hercules will pay all the costs of soliciting these proxies, including the preparation, assembly, printing and mailing of this Proxy Statement, the proxy card and any additional information furnished to stockholders. In addition to the solicitation of proxies by mail, our officers and employees also may solicit proxies by telephone, fax or other electronic means of communication, or in person. We have also retained Broadridge Financial Services Inc. to assist in the solicitation of proxies for estimated fees of \$6,500 plus out-of-pocket expenses.

**Q: How do I find out the results of the voting at the annual meeting?**

A: Preliminary voting results will be announced at the annual meeting. Final voting results will be published on Form 8-K within four (4) business days from the date of the annual meeting.



**Q: Who should I call if I have any questions?**

A: If you have any questions about the annual meeting, voting or your ownership of our common stock, please call Michael Hara, Investor Relations at (650) 433-5578 or send an e-mail to Melanie Grace, Secretary, at [mgrace@htgc.com](mailto:mgrace@htgc.com) or call her at 650-600-5405.

HERCULES CAPITAL, INC.  
 400 HAMILTON AVENUE  
 SUITE 310  
 PALO ALTO, CA 94301  
 ATTN: MELANIE GRACE



**SCAN TO  
 VIEW MATERIALS & VOTE**



**VOTE BY INTERNET**

*Before The Meeting* - Go to [www.proxyvote.com](http://www.proxyvote.com) or scan the QR Barcode above

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

*During The Meeting* - Go to [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021)

You may attend the meeting via the Internet and vote during the meeting. Have the information that is printed in the box marked by the arrow available and follow the instructions.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

D49051-P56347

KEEP THIS PORTION FOR YOUR RECORDS  
 DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

**HERCULES CAPITAL, INC.**

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

For All  Withhold All  For All Except

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

\_\_\_\_\_

**Nominees:**

- 01) Gayle Crowell
- 02) Thomas J. Fallon
- 03) Brad Koenig

The Board of Directors recommends you vote FOR the following proposals:

For Against Abstain

2. Approve, on an advisory basis, the compensation of the Company's named executive officers.

3. Ratify the selection of PricewaterhouseCoopers LLP to serve as our independent public accounting firm for the year ending December 31, 2021.

**NOTE:** All such other business as may properly come before the meeting will be transacted or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

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Signature [PLEASE SIGN WITHIN BOX]

Date

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Signature (Joint Owners)

Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Form 10-K are available at [www.proxyvote.com](http://www.proxyvote.com).

D49052-P56347

**HERCULES CAPITAL, INC.**  
**Virtual Annual Meeting of Stockholders**  
**June 24, 2021**  
**This proxy is solicited by the Board of Directors.**

The stockholder(s) hereby appoint(s) Scott Bluestein and Melanie Grace, or either of them, as proxies, each with the power to appoint his or her substitute, and hereby authorize(s) them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of common stock of HERCULES CAPITAL, INC. that the stockholder(s) is/are entitled to vote at the Virtual Annual Meeting of Stockholders to be held at 9:00 a.m., PT on June 24, 2021, at [www.virtualshareholdermeeting.com/HTGC2021](http://www.virtualshareholdermeeting.com/HTGC2021), and any adjournment or postponement thereof.

**This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.**

**Continued and to be signed on reverse side**