

May 2, 2019

FIRST QUARTER 2019 INVESTOR PRESENTATION

Financing the Growth of Tomorrow's Companies Today™



HTGC
LISTED
NYSE

IMPORTANT NOTICE: FORWARD LOOKING STATEMENTS

This presentation may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You should understand that under Section 27A(b)(2)(B) of the Securities Act of 1933, as amended, and Section 21E(b)(2)(B) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 do not apply to forward-looking statements made in periodic reports we file under the Exchange Act.

The information disclosed in this presentation is made as of the date hereof and reflects Hercules’ current assessment of its financial performance for the period reported. Actual financial results filed with the Securities and Exchange Commission in the future may differ from those contained herein in the event of additional adjustments recorded prior to the filing of its financial statements.

This presentation may contain “forward-looking statements.” These forward-looking statements include comments with respect to our financial objectives, loan portfolio growth, strategies and results of our operations.

However, by their nature, these forward-looking statements involve numerous assumptions, uncertainties and risks, both general and specific. The risk exists that these statements may not be fulfilled. We caution readers of this presentation not to place undue reliance on these forward-looking statements as a number of factors could cause future Company results to differ materially from these statements.

Forward-looking statements may be influenced in particular by factors such as fluctuations in interest rates and stock indices, the effects of competition in the areas in which we operate, and changes in economic, political and regulatory conditions. We caution that the foregoing list is not exhaustive.

When relying on forward-looking statements to make decisions, investors should carefully consider the aforementioned factors as well as other uncertainties and events. Historical results discussed in this presentation are not indicative of future results. This presentation should be read in conjunction with our recent SEC filings.

HERCULES CAPITAL

Structure	Internally Managed business development company (BDC)
IPO Date	June 9, 2005
Investment Options	HTGC (NYSE) – Common Stock
	Institutional Notes PAR \$1000.00 <ul style="list-style-type: none">• 4.625% Notes due 2022
	Retail Notes (Baby Bonds) PAR \$25.00 <ul style="list-style-type: none">• HCXY (NYSE) 6.25% Notes due 2033• HCXZ (NYSE) 5.25% Notes due 2025
	Convertible Notes <ul style="list-style-type: none">• 4.375% Notes due 2022
	Securitization Notes <ul style="list-style-type: none">• 4.605% Asset-backed Notes due 2027• 4.703% Asset-backed Notes due 2028
Annualized Dividend Yield⁽¹⁾	10.1% as of March 31, 2019
Distributions Declared	\$0.32 per share for Q1 2019 \$0.01 per share supplemental for Q1 2019
Price to NAV	1.27x - as of April 29, 2019 ~1.3x to ~1.6x historical range

(1) Annualized based on the \$0.32 distribution declared for Q1 2019 and a closing stock price of \$12.66 as of March 29, 2019

FIRST QUARTER 2019 INVESTOR PRESENTATION

- Key Performance Highlights
- Company & Strategic Overview
- Financial Highlights
- Portfolio Highlights
- Venture Capital Market Opportunity
- Analyst Coverage
- Supplemental Information

KEY PERFORMANCE HIGHLIGHTS



Q1 2019 HIGHLIGHTS

Robust Earnings

- Net Investment Income (“NII”) of \$29.0M, up 11.4% Y-Y
- Total Investment Income of \$58.8M, up 20.7% Y-Y
- NII per share of \$0.30, Adj. NII per share of \$0.32⁽⁵⁾
- 55 consecutive quarters of distributions since June 2005 IPO

Strong Shareholder Returns

- 1YR/3Yr/7YR Total Shareholder Returns⁽¹⁾: 14.9%/36.4%/89.5%
- ROAE^(1,2,6): 12.8%
- ROAA^(1,2,6): 6.2%
- Net Interest Margin (“NIM”): 10.3%

High-Yield Portfolio of Earning Assets

- Total Debt Investments (at cost): \$1.91B
- Total Investments (at cost): \$2.15B
- Effective Yield: 13.0%

Industry-Leading Originations Platform

- \$8.9B in total debt commitments since inception
- Cumulative Total Net Realized (Loss) since inception of (\$35.5M)
- Total debt & equity commitments Q1 2019: \$414.8M
- Gross debt & equity fundings Q1 2019: \$239.6M

Strong Liquidity and Balance Sheet

- \$247.2M available liquidity
- Regulatory leverage and net regulatory leverage: 99.9% and 98.2%⁽³⁾

Strong Capital Raising Position

- Price-to-NAV: 1.27x⁽⁴⁾
- “ATM” Equity Distribution Agreement
- Investment Grade Credit Ratings: DBRS: BBB | KBRA: BBB+

(1) Source: S&P CapIQ as of 3/31/19

(2) Based on NII, excludes realized and unrealized gains/losses

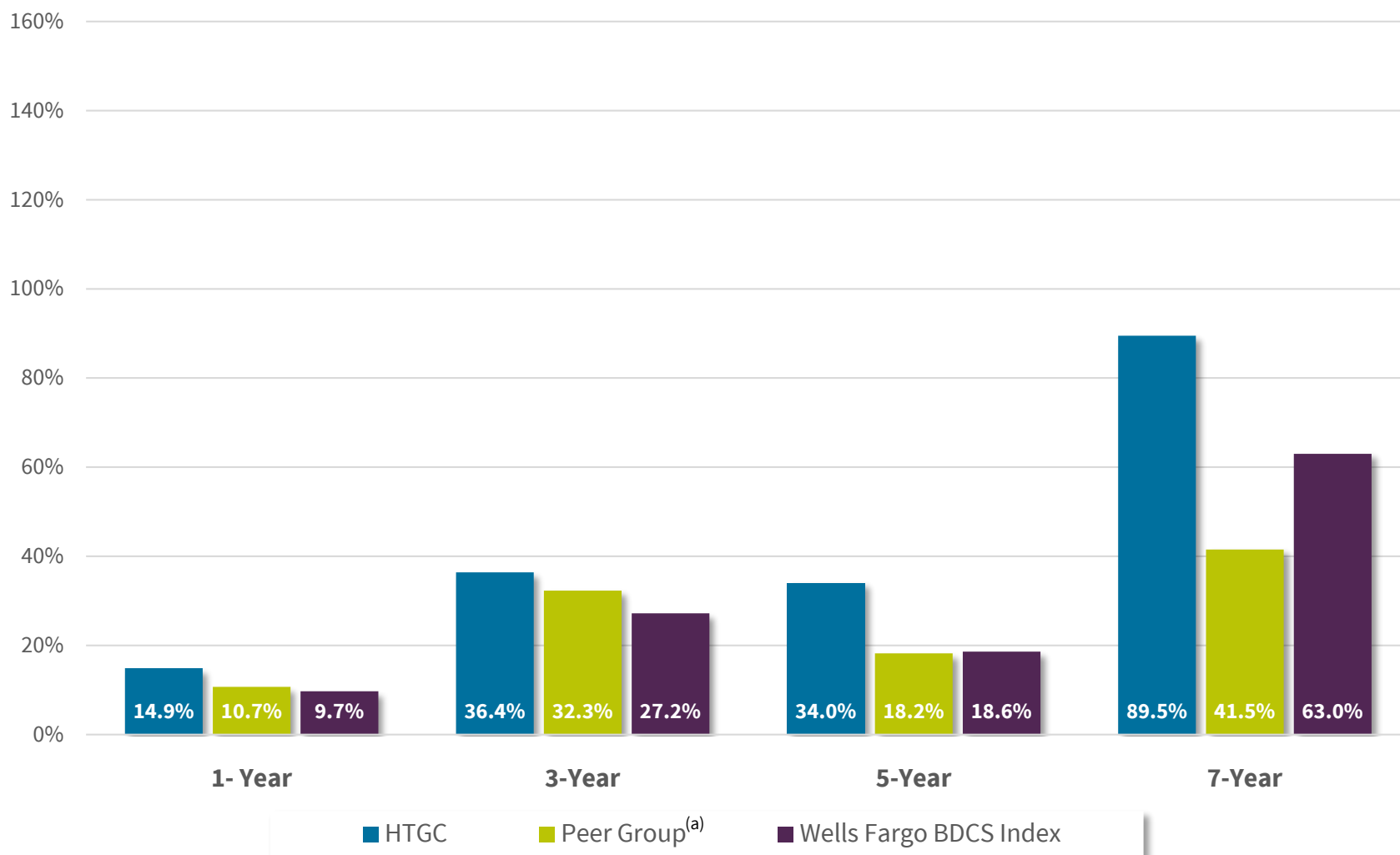
(3) Net regulatory leverage is defined as regulatory leverage less cash balance at period end

(4) As of April 29, 2019

(5) Excludes the one-time impact of \$1.6 million, or \$0.02 per share, associated with the full 2024 Notes Redemption

(6) Includes the one-time impact associated with the 2024 Notes Redemption

TOTAL SHAREHOLDER RETURN (TSR)^(b) vs. BDCs & WELLS FARGO INDEX



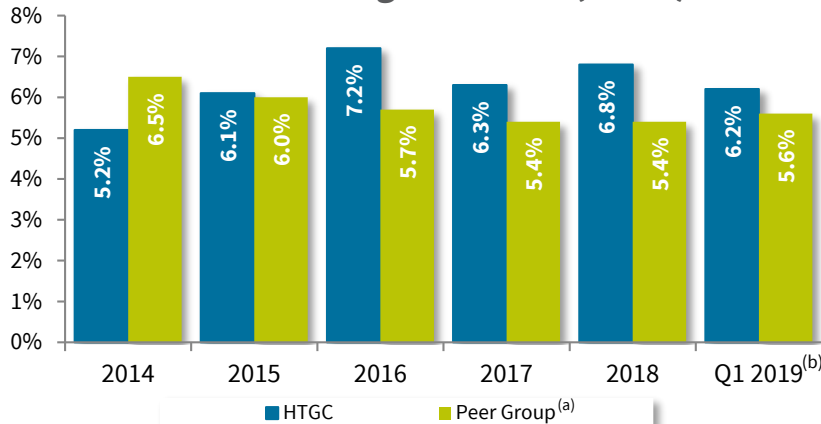
(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, TCRD, TSLX

(b) TSR is defined as stock appreciation plus distributed dividend distributions

Source: S&P Capital IQ as of March 31, 2019

DELIVERING STRONG SHAREHOLDER RETURNS

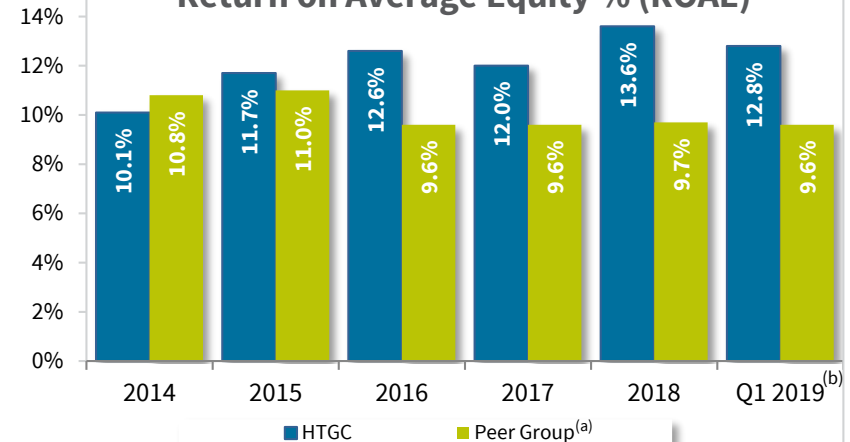
Return on Average Assets % (ROAA)



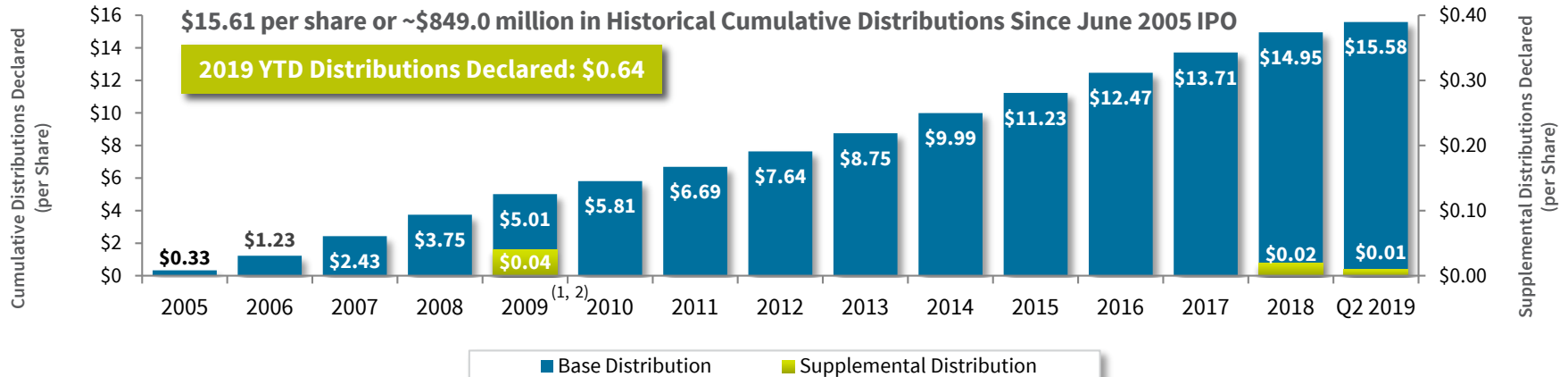
Source: S&P Capital IQ as of 3/31/19. Return on Average Assets excluding cash. NII divided by average of beginning of period total assets excluding cash and end of period total assets excluding cash.

- (a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, TCRD, TSLX
 (b) Hercules' ROAA and ROAE calculations include the one-time impact associated with the 2024 Notes Redemption

Return on Average Equity % (ROAE)



Source: S&P Capital IQ as of 3/31/19. Return on Average Equity based on NII. NII divided by average of beginning of period equity and end of period equity.

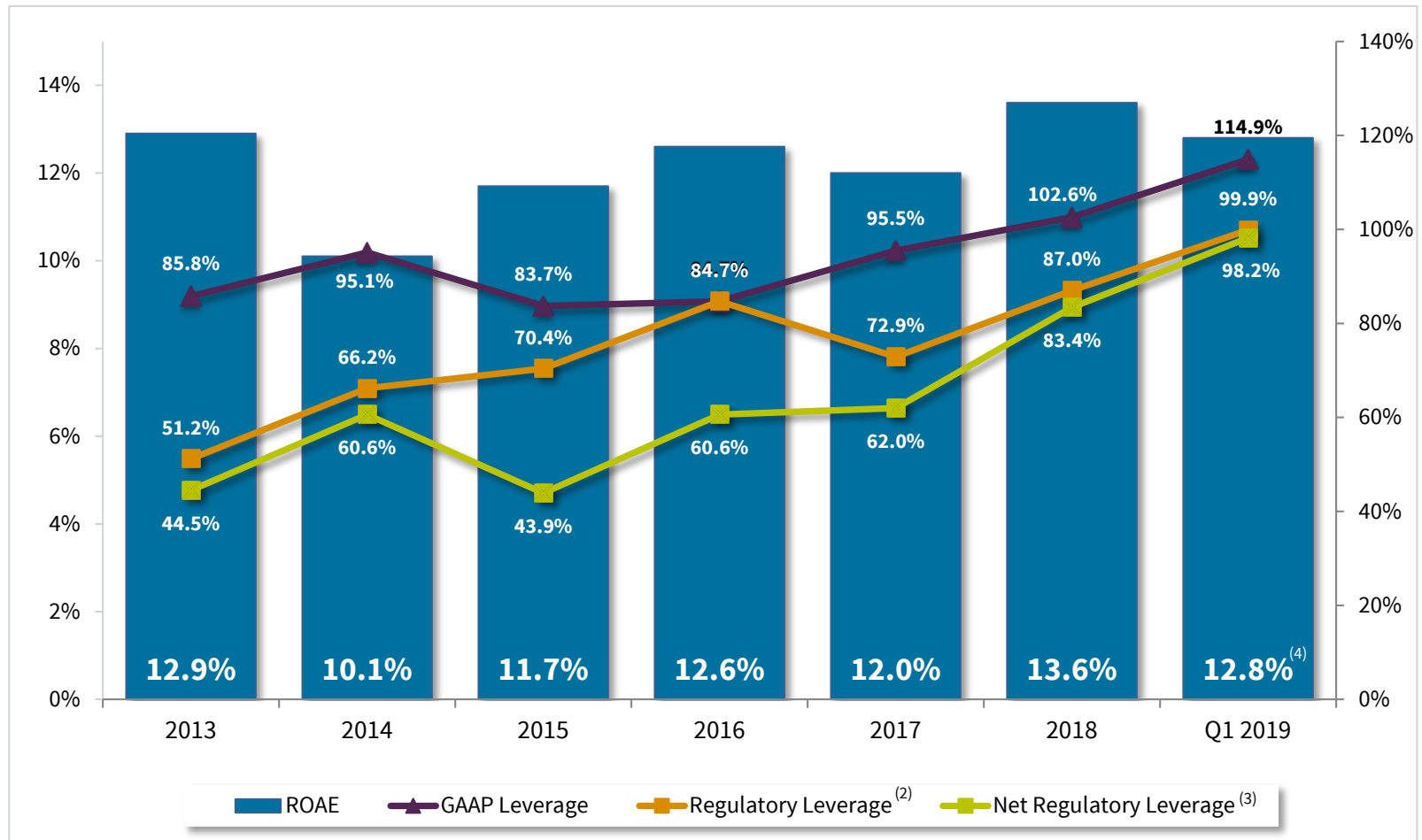


(1) Q1 09 distribution was paid in 10% cash and 90% stock; (2) Includes special \$0.04 distribution paid in December 2009

(2) Note: The Yield Calculation may include a potential tax return of capital. Any portion of a distribution that is ultimately deemed to be a tax return of capital should not be considered. The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of its distributions for a full year. The tax attributes of its distributions for the years ended December 31, 2008 through March 31, 2019 were paid 100% from earnings and profits; however, there can be no certainty to shareholders that this determination is representative of the tax attributes of the Company's 2019 full year distributions to stockholders.

AVAILABLE LEVERAGE FOR POTENTIAL EARNINGS GROWTH

Leverage to Return on Average Equity % (ROAE)⁽¹⁾



(1) Source: S&P Capital IQ as of 3/31/19. Return on Average Equity based on NII. NII divided by average of beginning of period equity and end of period equity.

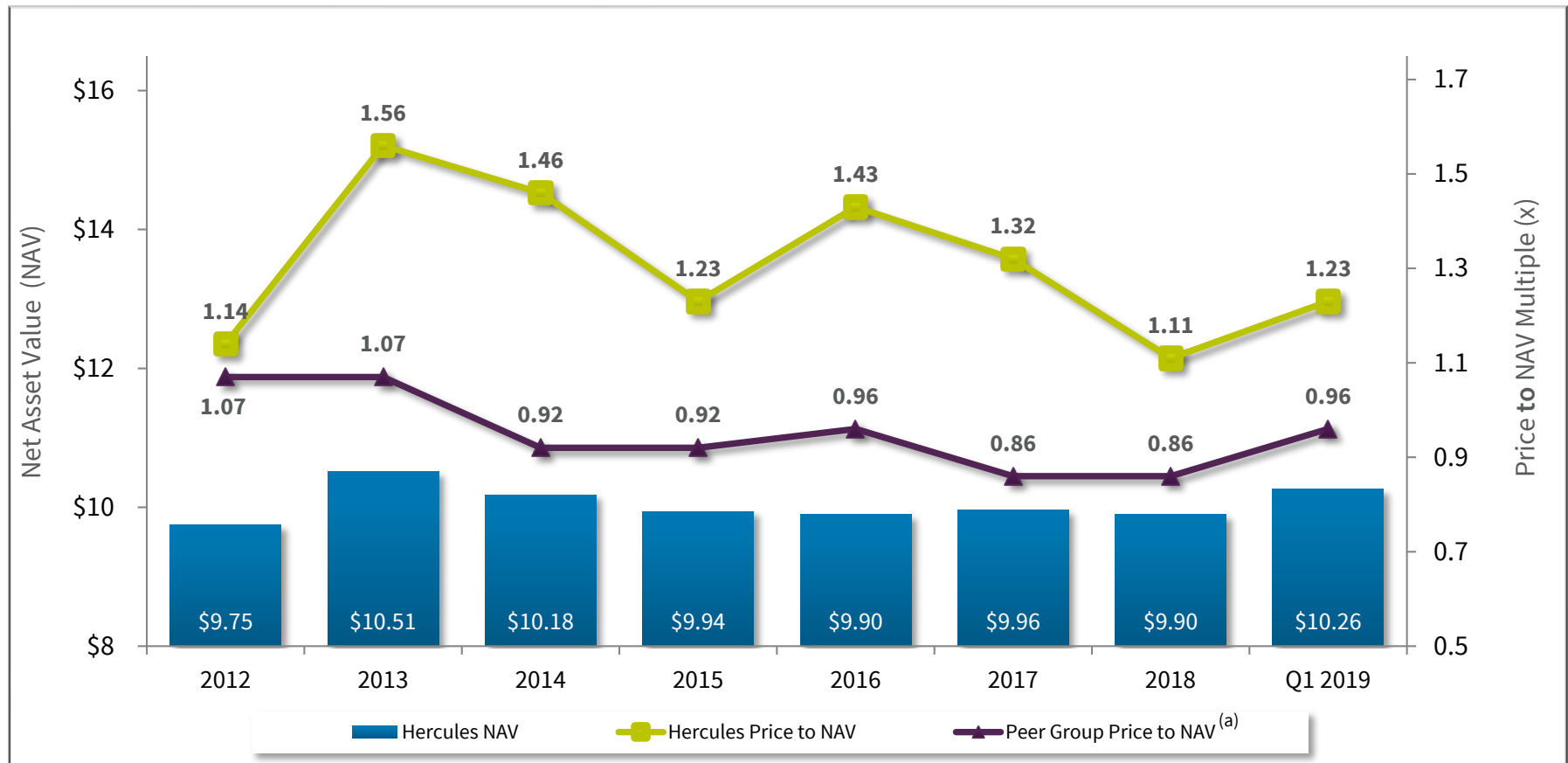
(2) Excludes SBA

(3) Excludes SBA and cash

(4) ROAE calculation include the one-time impact associated with the 2024 Notes Redemption

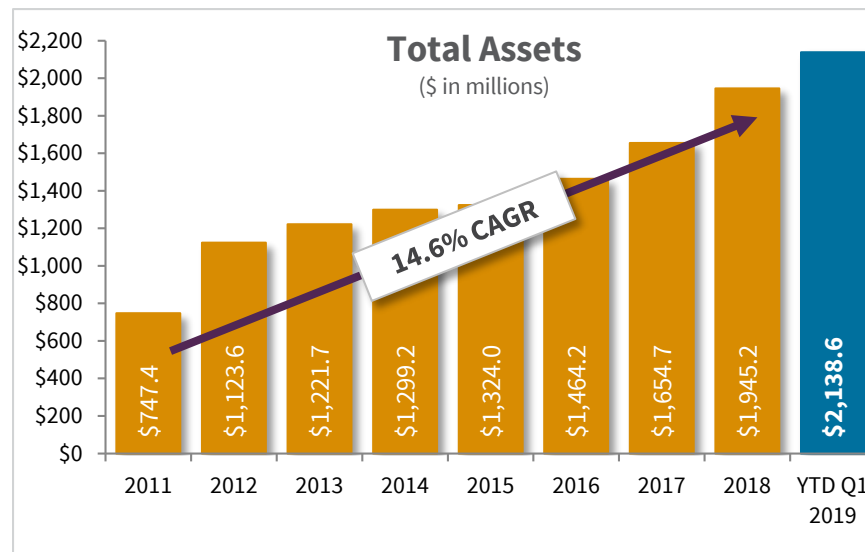
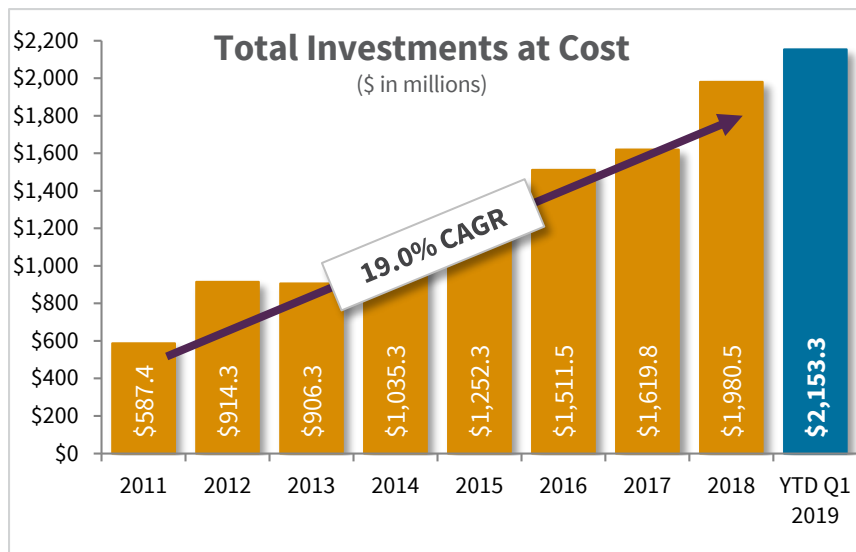
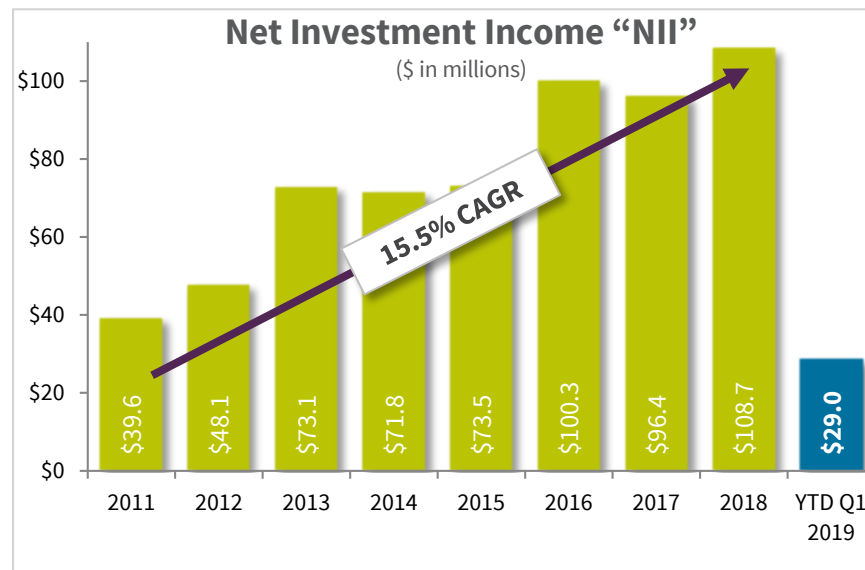
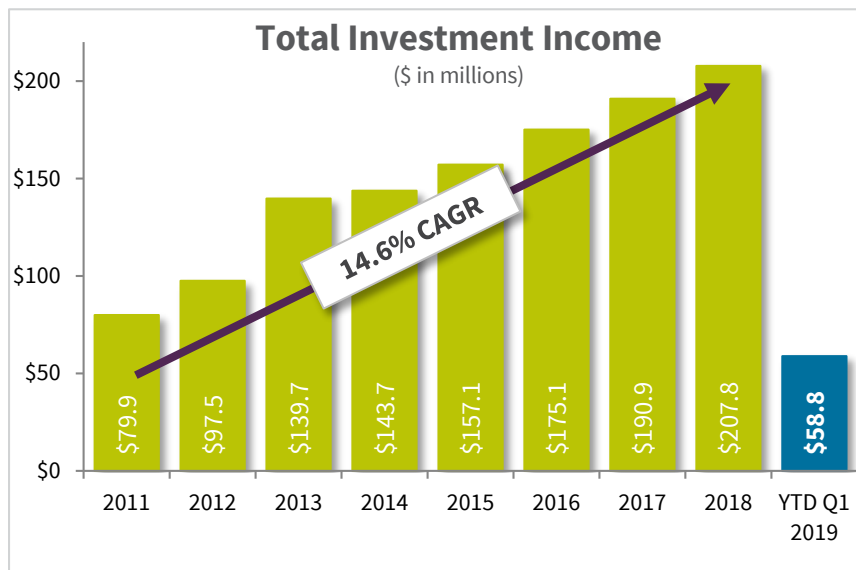
HERCULES CONSISTENTLY MAINTAINS A PREMIUM TO NAV

CREATES A STRONG CAPITAL RAISING POSITION TO SUPPORT GROWTH



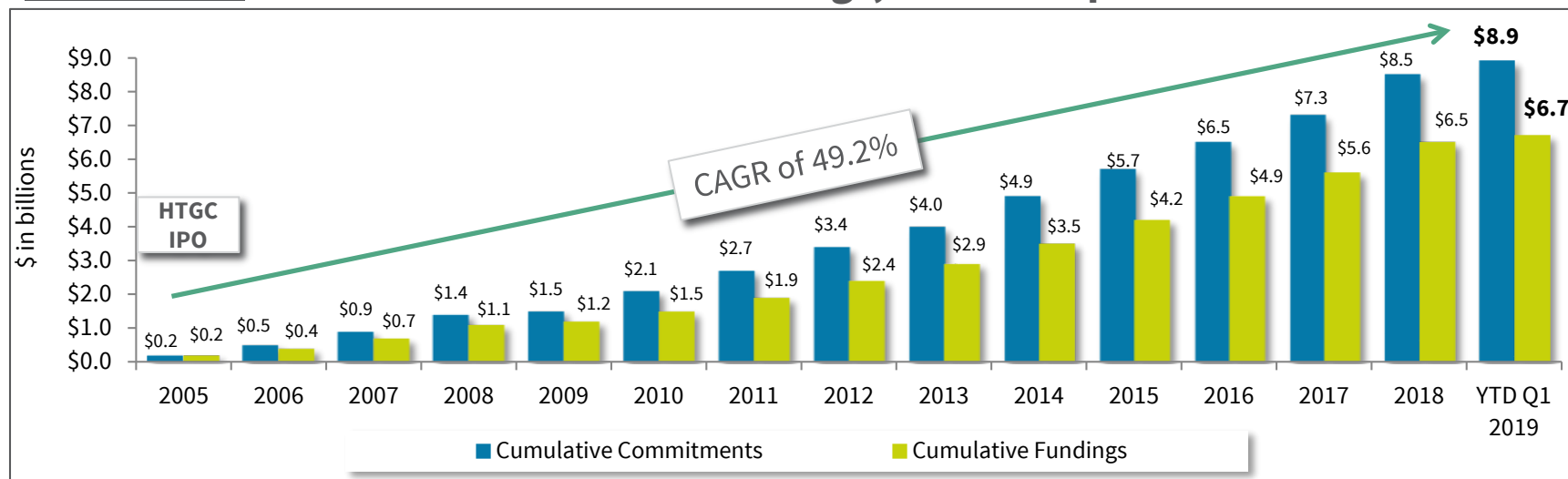
(a) Peer Group: AINV, ARCC, BKCC, OCSL, FSK, GBDC, GSBD, MAIN, NMFC, OXSQ, PNNT, PSEC, SLRC, BBDC, TCPC, TCRD, TSLX
Source: S&P CapIQ as of 3/31/19. Stock price based on closing price on last trading day of each calendar year or relative quarter.

HERCULES KEY PERFORMANCE HIGHLIGHTS

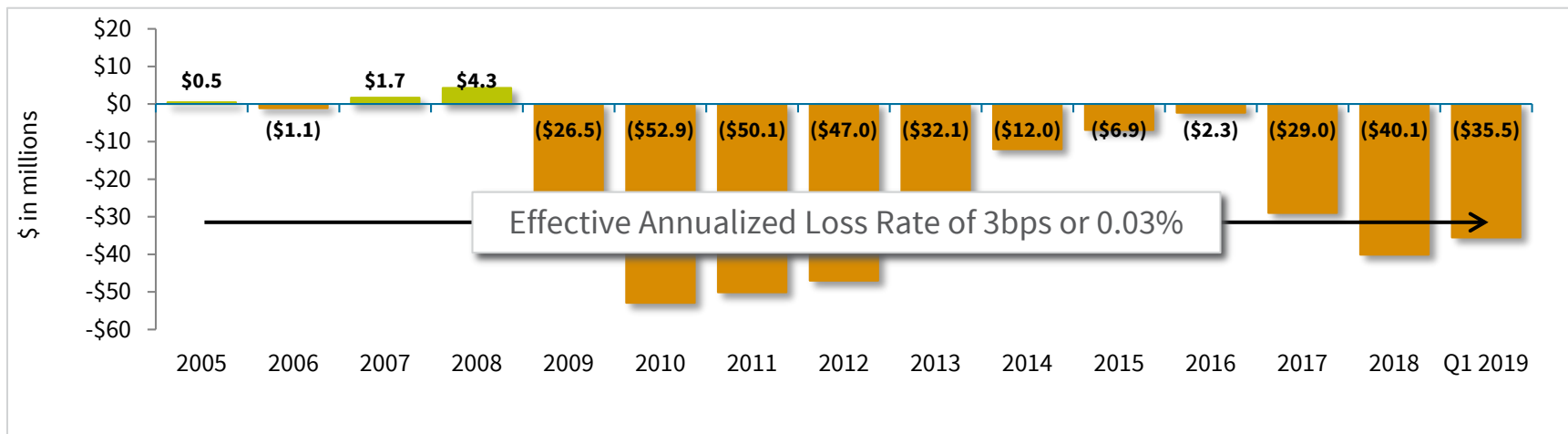


PORTFOLIO GROWTH WITH UNDERWRITING DISCIPLINE

Cumulative Debt Commitment and Fundings, Since Inception

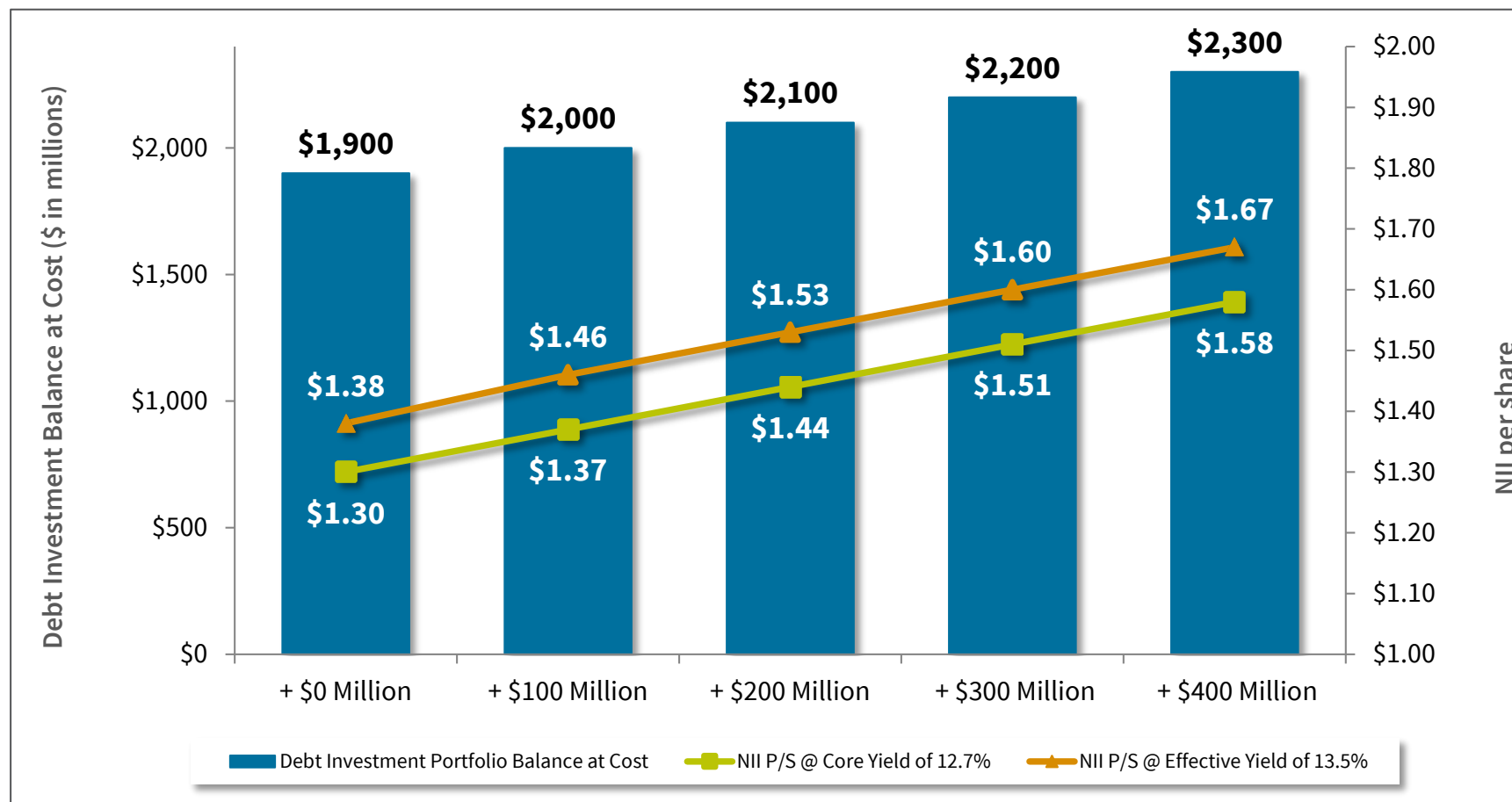


Cumulative Total Aggregate Net Realized Gains/(Losses), Since Inception



PORTFOLIO GROWTH LEADS TO DIVIDEND GROWTH THROUGH NII

Illustration: A growing debt investment portfolio provides potential for future increased dividend payout⁽¹⁾



(1) Assumes Debt Investment portfolio of \$1.9 billion, at cost, constant effective yield, NII margin of 52.0% and constant weighted average shares of 96.2 million, as of March 31, 2019. Projections are subject to change due to impact from active participation in the Company's equity ATM program and any future equity offerings.

COMPANY & STRATEGIC OVERVIEW



HERCULES AT-A-GLANCE

LARGEST BUSINESS DEVELOPMENT COMPANY (BDC) FOCUSED ON PROVIDING FINANCING TO HIGH-GROWTH VENTURE CAPITAL-BACKED COMPANIES

\$1.27
BILLION

MARKET
CAPITALIZATION

FOUNDED DECEMBER 2003
IPO: June 2005 “HTGC”

ENTERPRISE VALUE
\$2.18 billion⁽¹⁾

MARKET CAPITALIZATION
\$1.27 billion⁽¹⁾

NET ASSET VALUE PER SHARE
\$10.26 as of 3/31/19

HISTORICAL PRICE/NAV
~1.3x to ~1.6x range

CURRENT PRICE/NAV
1.27x⁽¹⁾

\$1.91
BILLION

DEBT INVESTMENT
PORTFOLIO

DEBT INVESTMENT COST BASIS
\$1.91 billion

DEBT INVESTMENT FAIR VALUE
\$1.90 billion

EFFECTIVE YIELD
13.0%

DEBT INVESTMENTS IN
93 companies

SHORT TERM MATURITIES
36-42 months

INVESTMENT SIZE
\$5 to \$200 million

126
COMPANIES

WARRANT & EQUITY
PORTFOLIO

WARRANT HOLDINGS IN
126 companies

EQUITY HOLDINGS IN
57 companies

TOTAL WARRANT AND EQUITY
GAAP COST
\$239.9 million

TOTAL WARRANT AND EQUITY
FAIR VALUE
\$183.9 million

\$247.2
MILLION

LIQUIDITY & BALANCE
SHEET

AVAILABLE LIQUIDITY TO
INVEST⁽²⁾
\$247.2 million

REGULATORY LEVERAGE
99.9% / 98.2% net of cash

INVESTMENT GRADE RATINGS
DBRS: BBB
KBRA: BBB+

SECURITIZATION INVESTMENT
GRADE RATINGS
KBRA: A(sf)

(1) As of April 29, 2019, and source for Enterprise Value and Market Capitalization is S&P Capital IQ

(2) Subject to existing terms and covenants

WHY IS HERCULES DIFFERENT THAN OTHER BDCs

WE INVEST IN INNOVATIVE VENTURE GROWTH-STAGE COMPANIES

What We Don't Do and What We Are Not

- No oil and gas exposure
- No CLO exposure
- No CMBS or RMBS exposure
- No metals or minerals exposure

What We Do

- We focus primarily on pre-IPO and M&A, innovative high-growth venture capital backed companies at their expansion (venture growth) and established stages in a broadly diversified variety of technology, life sciences and sustainable and renewable technology industries
- Highly asset sensitive debt investment portfolio – **97.5%** floating rate loans and with interest rate floors⁽¹⁾
- We are generally the only lender and **82.0%** are "true" first lien senior secured⁽¹⁾
- Substantially all of our debt investments include warrants for potential additional total return
- Substantially all of our debt investments have short term amortizing maturities (36-42 months)
- Focused on strong and sustainable shareholder returns
- Disciplined, proven investment philosophy with 15 years of strong credit performance history

(1) As of March 31, 2019

STRATEGIC ACCESS TO EQUITY AND DEBT CAPITAL MARKETS

HERCULES' SUCCESSFUL ATM DISTRIBUTION PROGRAM

Hercules' At-the-Market "ATM" Equity Distribution Agreement

- Equity Distribution Agreement: Up to a total of 12 million shares of common stock

The Benefits and Competitive Advantages

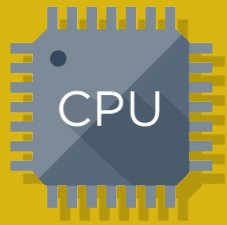
- "Just-in-Time" access provides control on the timing, pricing and amount of capital raised, with full control over leverage ratios
- Ideal for raising growth capital when needed, proceeds expeditiously invested in new investments
- Exceptionally low and cost effective access to capital markets
- Equity issuances are highly accretive to NAV; HTGC trades at a premium to NAV

The Results

- Equity ATM Program YTD as of 4/29/19: sold ~ 679,000 shares for total net proceeds of ~ \$8.5 million
- Equity ATM Program FY 2018: sold ~ 5.1 million shares for total net proceeds of ~ \$63.3 million

WE ARE AT CENTER STAGE OF THE INNOVATION ECONOMY

HERCULES HAS DOMAIN EXPERTISE IN FIVE SPECIALIZED LENDING GROUPS
“WE ARE NOT GENERALISTS”



Technology



**Life
Sciences**



**SaaS
Financing**



**Sustainable
and Renewable
Technology**



**Special
Situations**

We Invest at the Expansion “Venture Growth” and Established Stage

\$8.9 billion in total debt commitments to over 460 companies since inception

Offices in key venture capital markets: CA | MA | NY | DC | IL | CT

Over 1000 different VC & PE firms, financial investors

Over 150 portfolio companies completed/announced an IPO or M&A event since inception

FINANCIAL HIGHLIGHTS



INCOME STATEMENT: Q1 2019 VS. Q1 2018 SUMMARY RESULTS

	Three Months Ended March 31,		
	2019	2018	Year/Year
(\$ in 000's, except per share amounts)	(unaudited)	(unaudited)	Change
Interest Income	\$ 55,473	\$ 42,981	29%
Fee Income	3,322	5,719	-42%
Total Investment Income	58,795	48,700	21%
Interest and Loan Fees	15,564	10,561	47%
General and Administrative	4,153	4,009	4%
Employee Compensation	10,045	8,067	25%
Total Operating Expenses	29,762	22,637	31%
Other Income			
Pre-Tax Net Investment Income-NII	29,033	26,063	11%
Total Net Realized and Unrealized Gain/Loss	32,552	(20,117)	
Net Increase in Net Assets from Operations	61,585	5,946	936%
NII - Net Investment Income per Share (Basic)	\$ 0.30 ⁽¹⁾	\$ 0.31	-3%
DNOI - Distributable Net Operating Income per Share	\$ 0.34	\$ 0.34	0%
Weighted Average Shares Outstanding - Basic	96,218	84,596	14%

(1) Includes the one-time impact of \$1.6 million, or \$0.02 per share, associated with the full 2024 Notes Redemption

CURRENT & HISTORICAL INCOME STATEMENTS

	Three Months Ended March 31,	Twelve Months Ended December 31,
<i>(\$ in 000's, except per share amounts)</i>	2019	2018
Interest Income	\$ 55,473	\$ 190,636
Fee Income	3,322	17,117
Total Investment Income	58,795	207,753
Interest and Loan Fees	15,564	46,695
General and Administrative	4,153	15,488
Employee Compensation	10,045	36,841
Total Operating Expenses	29,762	99,024
Other Income	-	-
Pre-Tax Net Investment Income - NII	29,033	108,729
Net Realized and Unrealized Gain / (Loss)	32,552	(32,233)
Net Increase in Net Assets from Operations	\$ 61,585	\$ 76,496
NII - Net Investment Income per Share (Basic)	\$ 0.30⁽¹⁾	\$ 1.19
DNOI - Distributable Net Operating Income per Share	\$ 0.34	\$ 1.32
Weighted Average Shares Outstanding - Basic	96,218	90,929

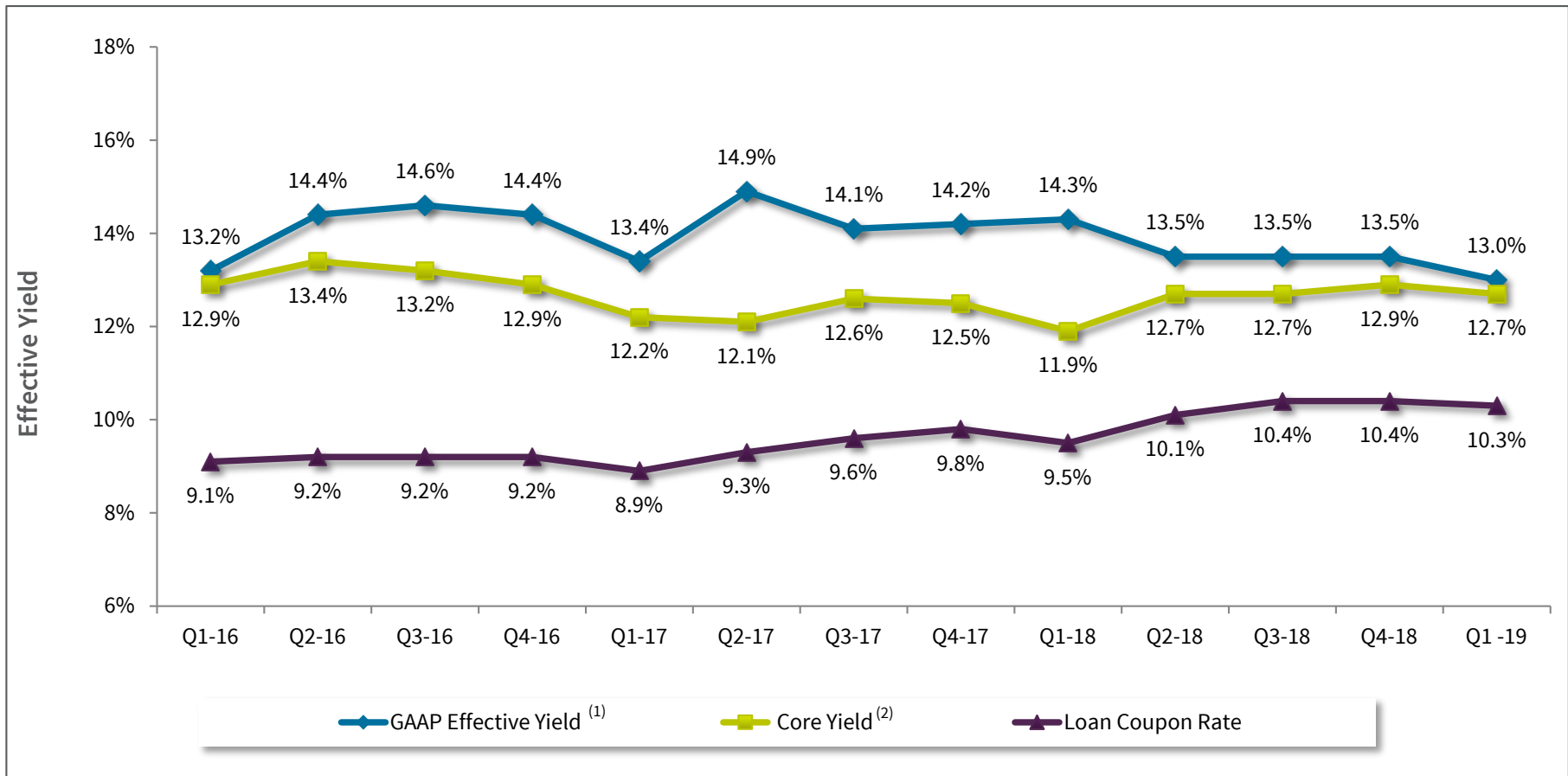
(1) Includes the one-time impact of \$1.6 million, or \$0.02 per share, associated with the full 2024 Notes Redemption

CURRENT & HISTORICAL BALANCE SHEET

	March 31,	December 31,
(\$ in 000's, except per share amounts)	2019	2018
ASSETS		
Debt Investments	\$ 1,897,064	\$ 1,733,492
Equity Investments	\$ 157,045	\$ 120,212
Warrant Investments	\$ 26,933	\$ 26,669
Cash and cash equivalents	16,465	34,212
Restricted cash	10,149	11,645
Interest receivable	18,366	16,959
Other assets	12,609	2,002
Total Assets	\$ 2,138,631	\$ 1,945,191
LIABILITIES		
Accounts Payable and Accrued Liabilities	27,112	25,961
Credit Facilities	44,266	52,956
2022 Convertible Notes	225,441	225,051
2027 Asset-Backed Notes	197,102	197,265
2028 Asset-Backed Notes	247,352	-
2033 Notes	38,420	38,427
2024 Notes	-	81,852
Long-term SBA Debentures	147,783	147,655
2025 Notes	72,685	72,590
2022 Notes	148,121	147,990
Total Liabilities	\$ 1,148,282	\$ 989,747
Net Assets	\$ 990,349	\$ 955,444
Shares Outstanding	96,543	96,501
Net Assets per Share	\$ 10.26	\$ 9.90

EFFECTIVE YIELD VS. CORE YIELD – LEADS TO STRONG EARNINGS

MEDIAN CORE YIELD FROM Q1 2016 TO Q1 2019: 12.7%

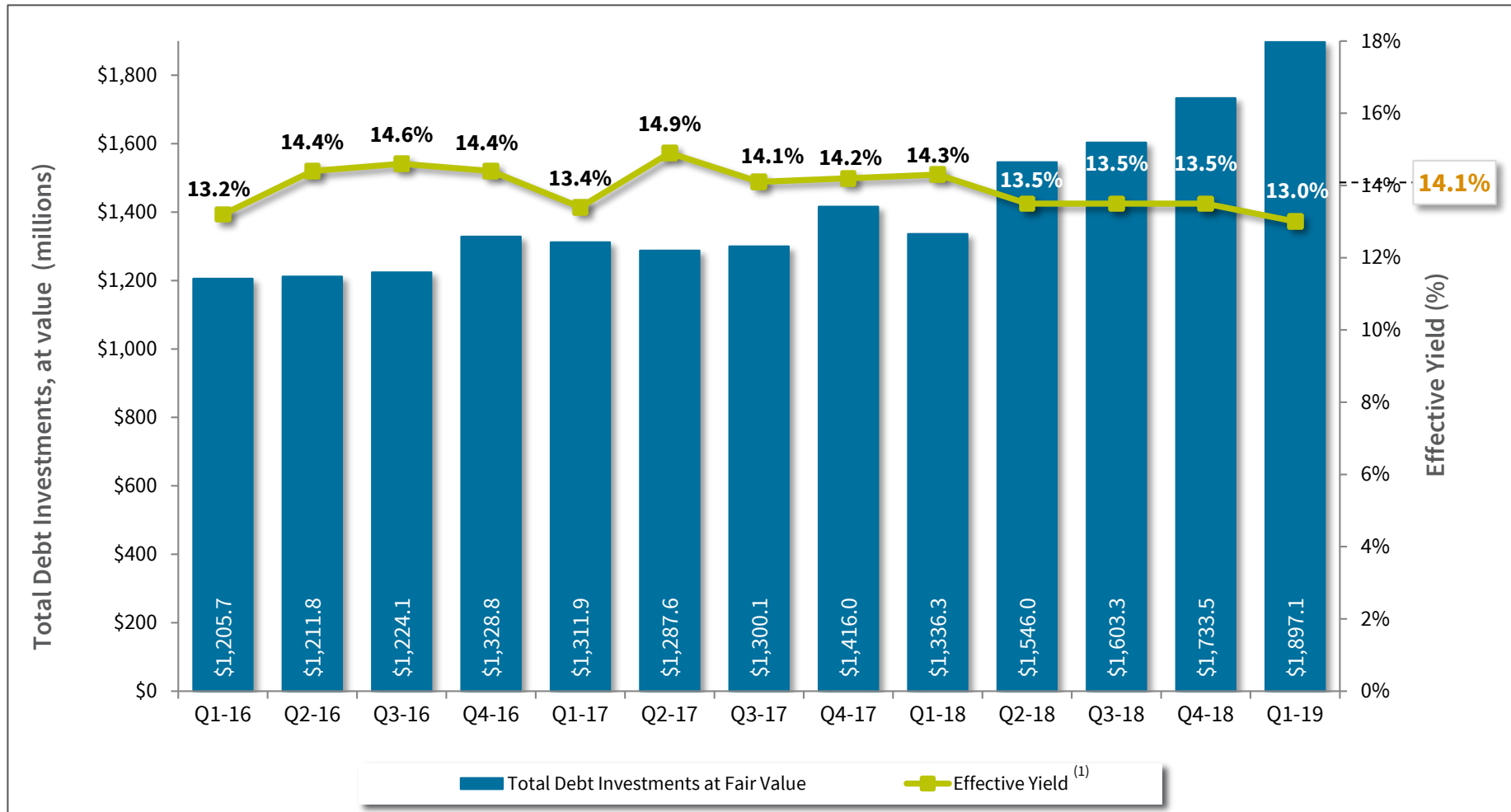


(1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis

(2) Core Yield excludes Early Repayments and One-Time Fees, and includes income and fees from expired commitments

HIGH-YIELD PORTFOLIO OF EARNING ASSETS

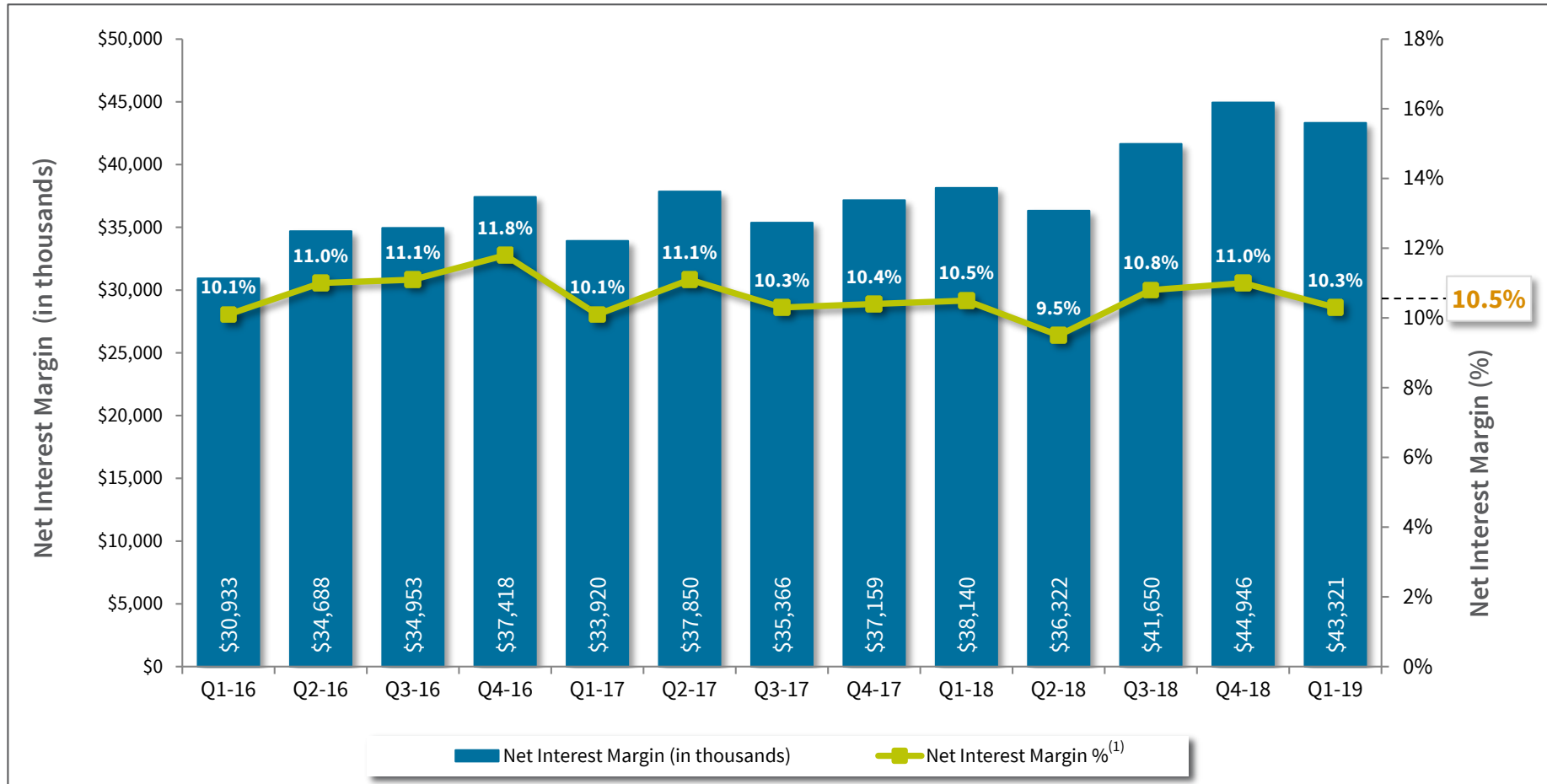
MEDIAN EFFECTIVE YIELD FROM Q1 2016 TO Q1 2019 OF 14.1%



(1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis

STRONG, CONSISTENT NET INTEREST MARGIN - NIM

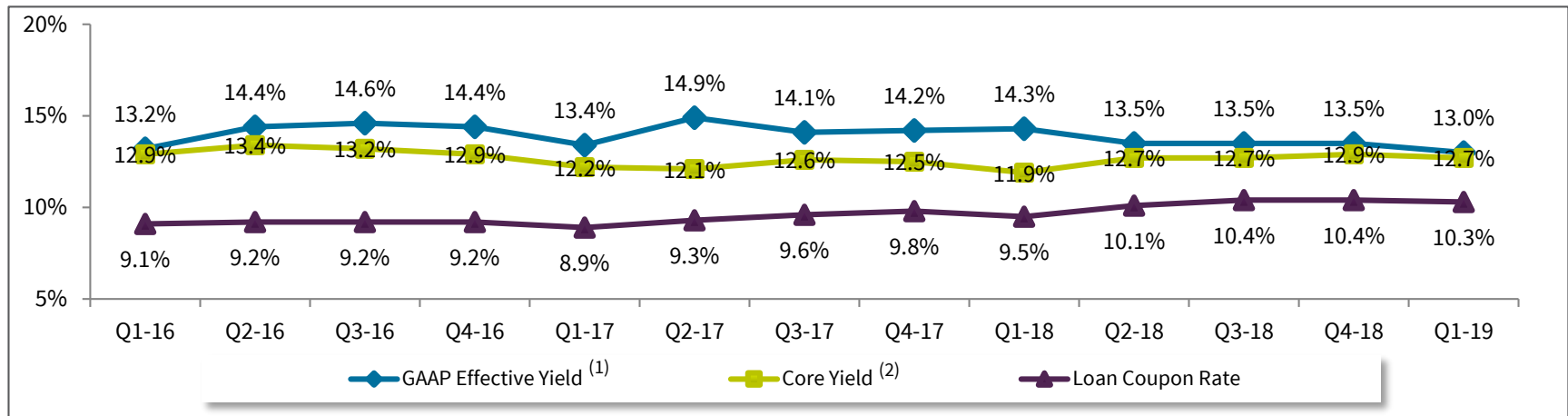
MEDIAN NET INTEREST MARGIN FROM Q1 2016 TO Q1 2019 OF 10.5%



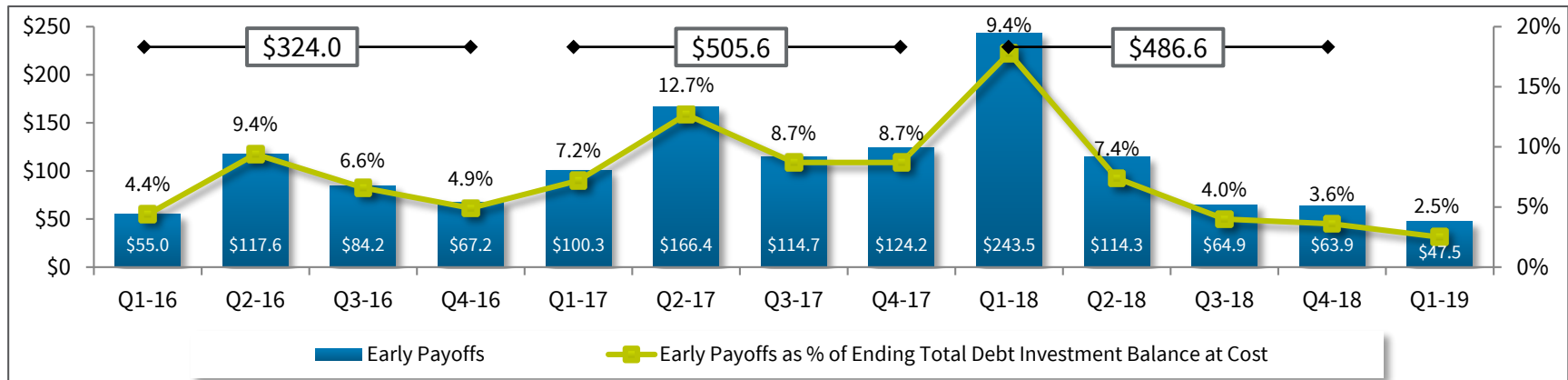
(1) Net Interest Margin = Net Interest Income/Average Yielding Assets excluding Equity Investments

IMPACT OF EARLY PAYOFFS ON EFFECTIVE YIELDS

Early Payoffs Lead to Higher Effective Yields and Earnings



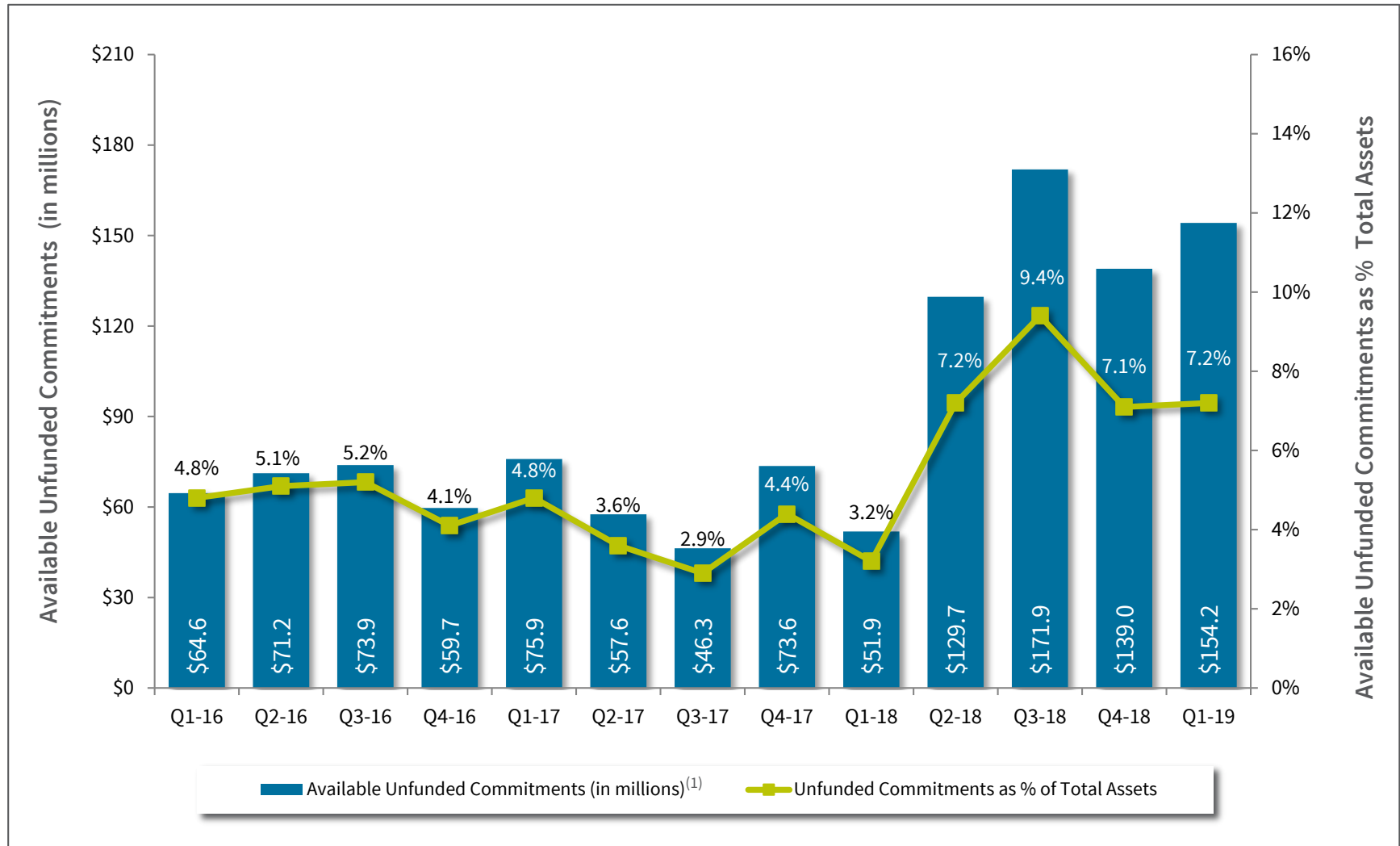
EFFECTIVE YIELDS



UNSCHEDULED EARLY PAYOFFS (\$ in millions)

- (1) Effective Yield is inclusive of all fees, including all realized unamortized fees and all realized transaction fees including but not limited to amendment fees and prepayment fees, and is calculated based on the weighted average principal balance of loans outstanding on a daily basis
- (2) Core Yield excludes Early Repayments and One-Time Fees, and includes income and fees from expired commitments

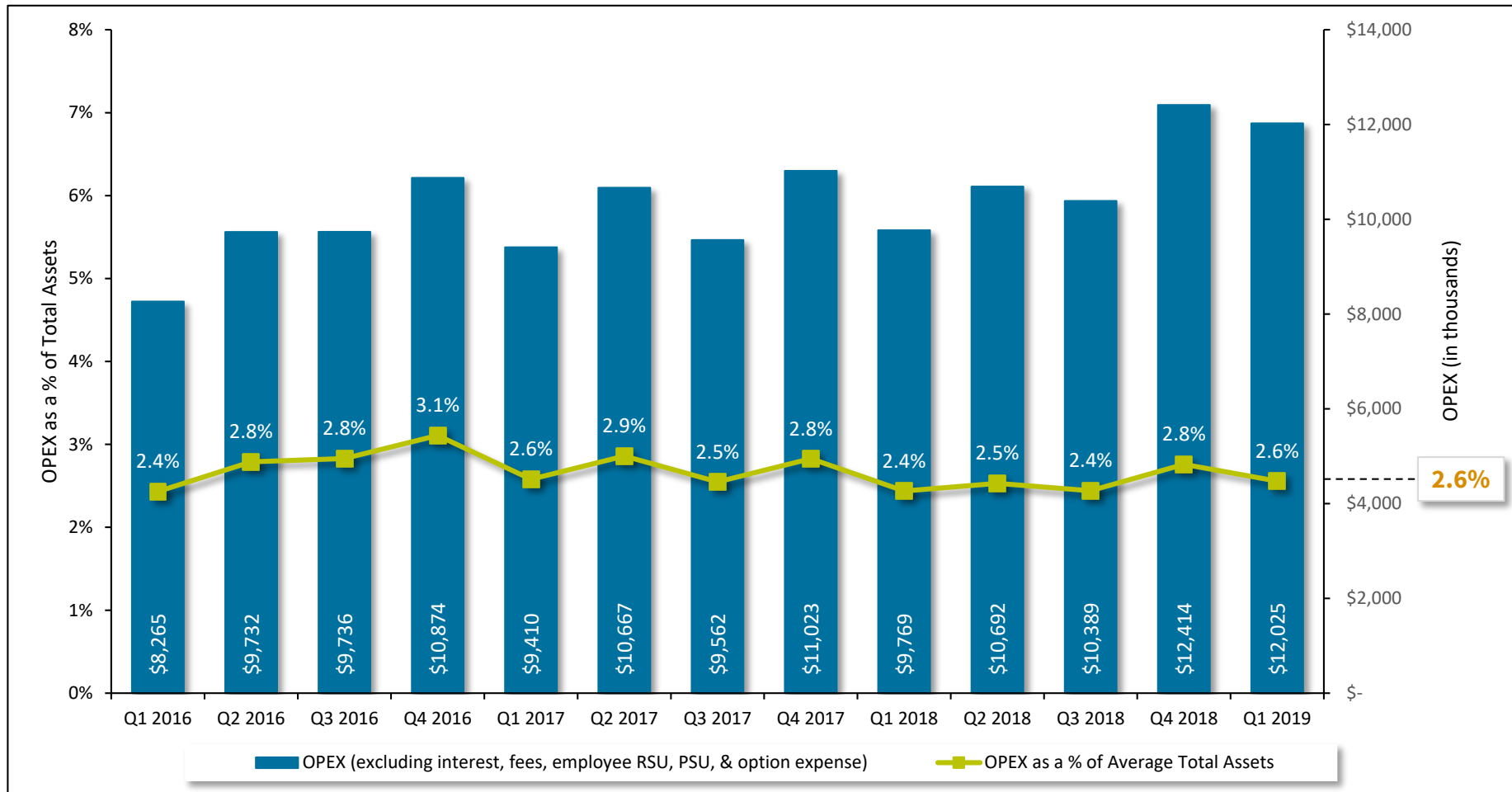
EFFECTIVE MANAGEMENT OF UNFUNDED COMMITMENTS AS A PERCENTAGE OF TOTAL ASSETS



(1) Amount represents available unfunded commitments, including undrawn revolving facilities, which are available at the request by the portfolio company.

NON-INTEREST AND FEE EXPENSE TO AVERAGE TOTAL ASSETS

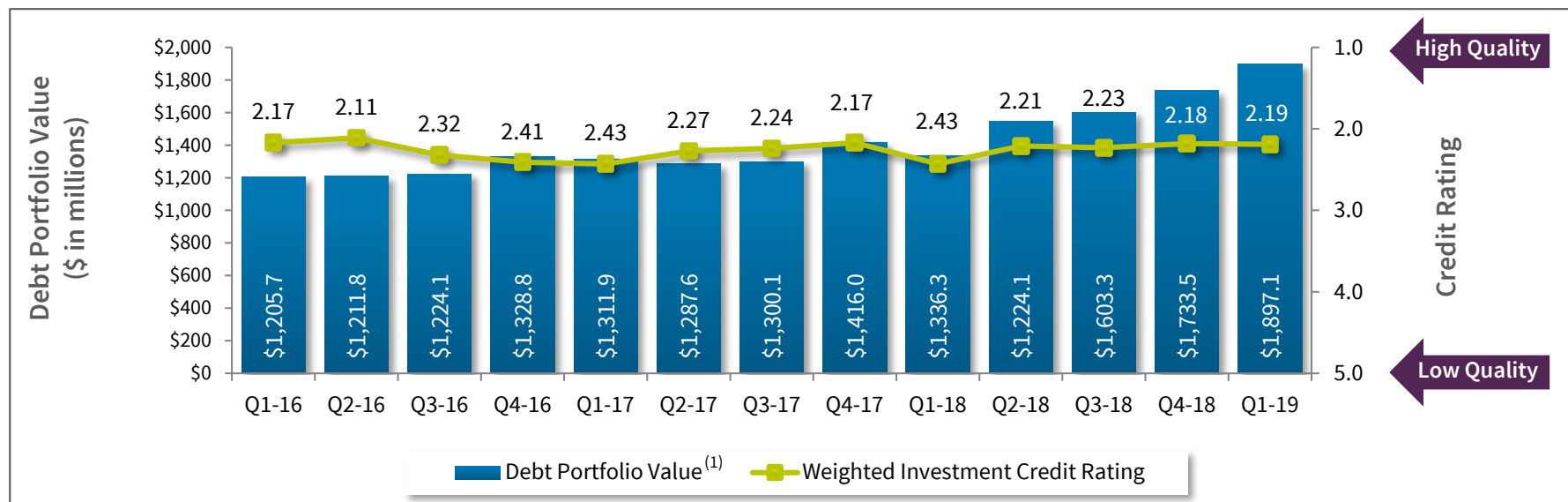
MEDIAN ADJ. OPEX TO AVERAGE TOTAL ASSETS FROM Q1 2016 TO Q1 2019 OF 2.6%



RSU = Restricted Stock Units
PSU = Performance Stock Units

CREDIT DISCIPLINE AND CONSISTENT PORTFOLIO PERFORMANCE

Disciplined credit underwriting standards deliver consistent long-term results



Credit Grading at Fair Value, Q1 2019 - Q1 2018 (\$ in millions)

	Q1 2019		Q4 2018		Q3 2018		Q2 2018		Q1 2018	
Grade 1 - High	\$ 299.2	15.8%	\$ 311.6	18.0%	\$ 150.2	9.4%	\$ 247.5	16.0%	\$ 141.8	10.6%
Grade 2	\$ 1,056.4	55.7%	\$ 885.1	51.1%	\$ 987.5	61.6%	\$ 791.9	51.2%	\$ 599.8	44.9%
Grade 3	\$ 469.7	24.7%	\$ 474.9	27.3%	\$ 420.2	26.2%	\$ 463.7	30.0%	\$ 548.0	41.0%
Grade 4	\$ 66.5	3.5%	\$ 60.3	3.5%	\$ 44.5	2.7%	\$ 42.0	2.7%	\$ 33.6	2.5%
Grade 5 - Low	\$ 5.3	0.3%	\$ 1.6	0.1%	\$ 0.9	0.1%	\$ 0.9	0.1%	\$ 13.2	1.0%
Weighted Avg.	2.19		2.18		2.23		2.21		2.43	

(1) Debt only; based on fair value

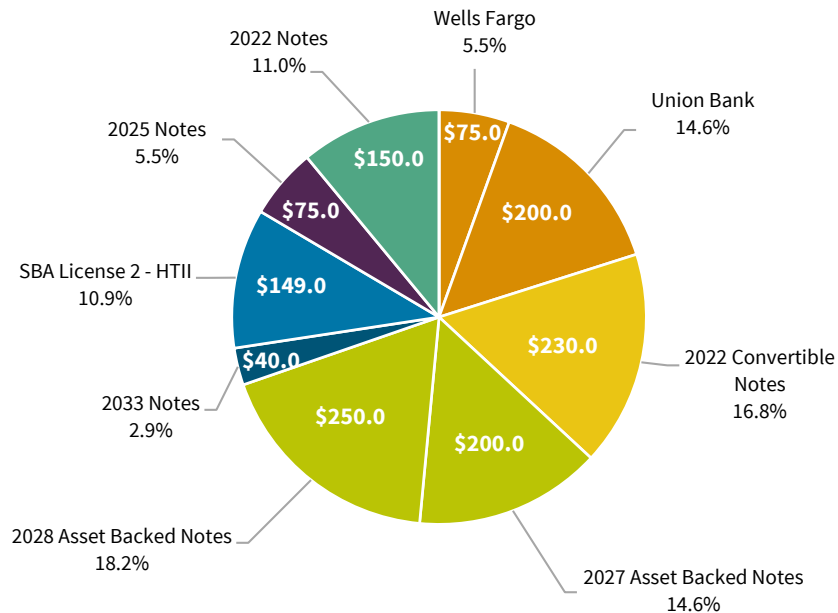
DIVERSIFIED SOURCES OF FUNDING: Q1 2019

Entity Capitalization

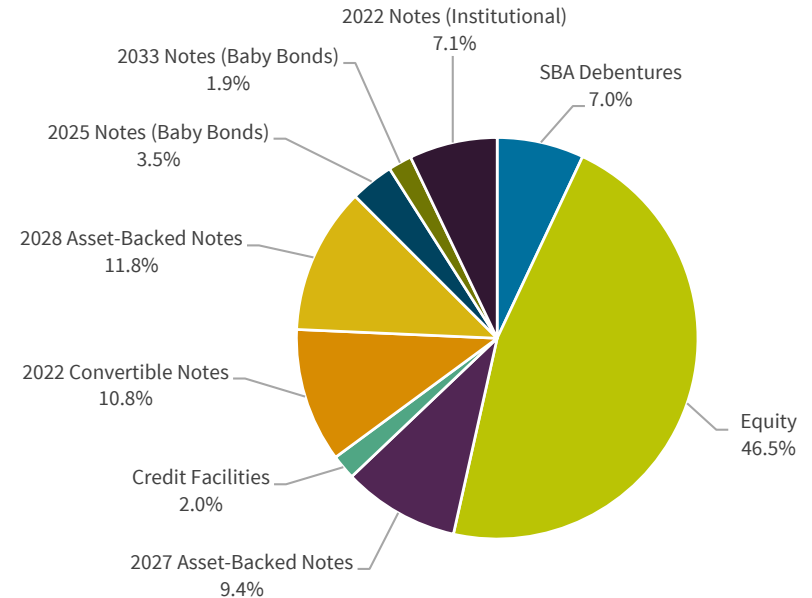
Capital Sources as of 3/31/19	\$ in Millions	% of Total
Equity	\$990.4	46.5%
SBA Debentures	\$149.0	7.0%
2027 Asset-Backed Notes	\$200.0	9.4%
2028 Asset-Backed Notes	\$250.0	11.8%
2022 Convertible Notes	\$230.0	10.8%
2022 Notes (Institutional)	\$150.0	7.1%
2025 Notes (Baby Bonds)	\$75.0	3.5%
2033 Notes (Baby Bonds)	\$40.0	1.9%
Credit Facilities	\$44.3	2.0%
Total Capital	\$2,128.7	100.0%

(\$ in millions)

Debt Capital Stack



Total Corporate Capitalization

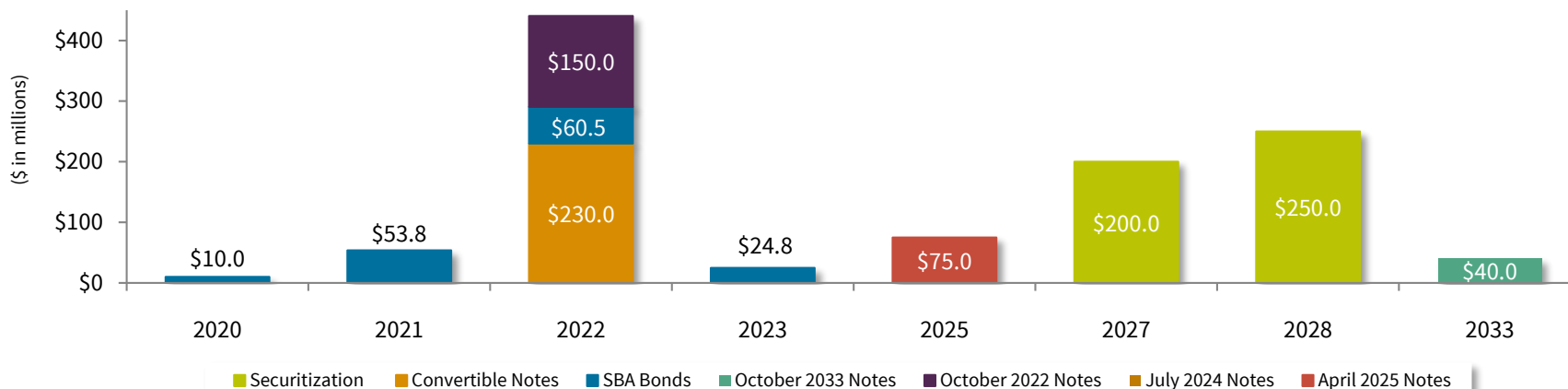


DIVERSIFIED SOURCES OF FUNDING (AS OF 3/31/19)

DATE ENTERED	Notes						SBA Debentures – Total debt of \$149.0M		
	Wells Fargo Credit Facility	Union Bank Credit Facility	January 2022 Conv. Notes	October 2022 Inst. Notes	April 2025 Notes	October 2033 Notes	License 2 HTIII	Securitizations	
	Aug. 2008	Feb. 2010	Jan. 2017	Oct. 2017	April 2018	October 2018	May 2010	Nov. 2018	January 2019
FACILITY SIZE (\$ in millions)	\$75.0	\$200.0	\$230.0	\$150.0	\$75.0	\$40.0	\$149.0	\$200.0	\$250.0
INTEREST RATE	LIBOR + 300bps	LIBOR + 275bps	4.375% unsecured	4.625% unsecured	5.25% unsecured	6.25% unsecured	Range ⁽¹⁾ from 2.2% to 5.5%	4.605%	4.703%
MATURITY	January 2022	February 2022	February 2022	October 2022	April 2025	October 2033	Mature ten years after borrowing	November 2027	February 2028
ADDITIONAL INFO	(Expandable up to \$125.0)	(Expandable up to \$300.0)	DBRS: BBB KBRA: BBB+	DBRS: BBB KBRA: BBB+	NYSE: HCXZ DBRS: BBB KBRA: BBB+	NYSE: HCXY DBRS: BBB KBRA: BBB+	Set in March & Sept. (range: 2.2% to 5.5%)	Rated A(sf) by KBRA	Rated A(sf) by KBRA
OUTSTANDING (\$ in millions)	\$4.6	\$39.7	\$230.0	\$150.0	\$75.0	\$40.0	\$149.0	\$200.0	\$250.0

(1) Interest rate range for the SBA debentures does not include annual fees

Well Managed Debt Maturity Schedule

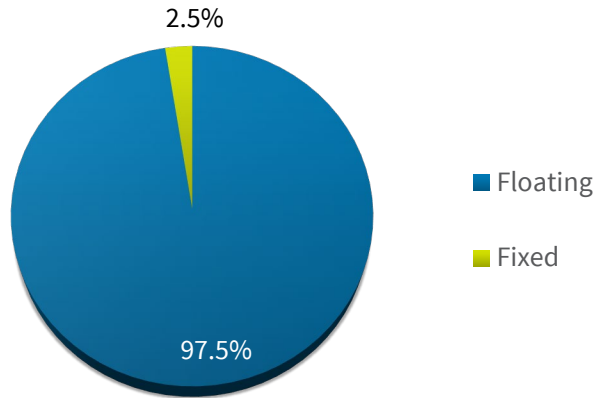


PORTFOLIO HIGHLIGHTS

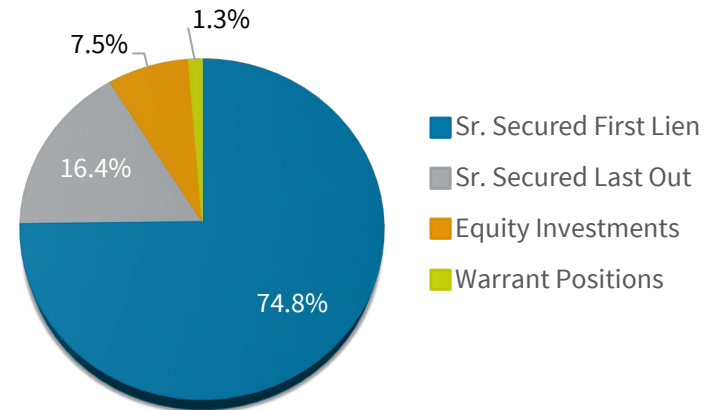


HERCULES' INVESTMENT PORTFOLIO: Q1 2019

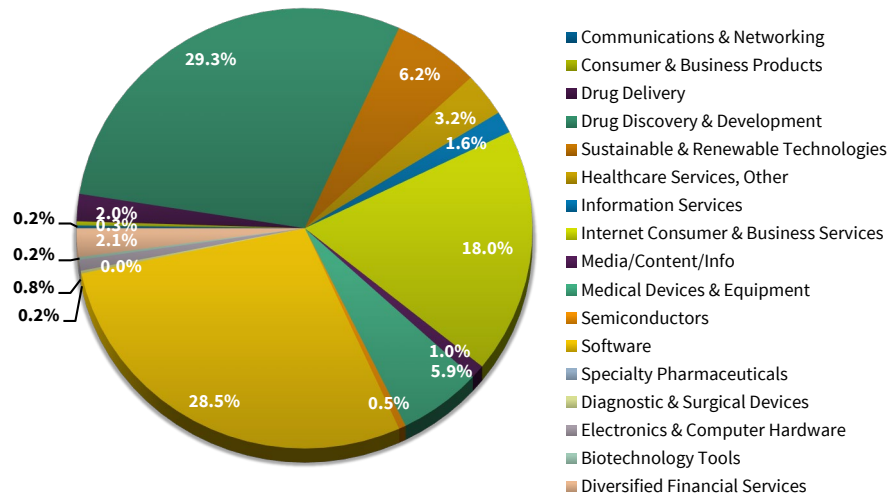
Floating vs. Fixed Rate



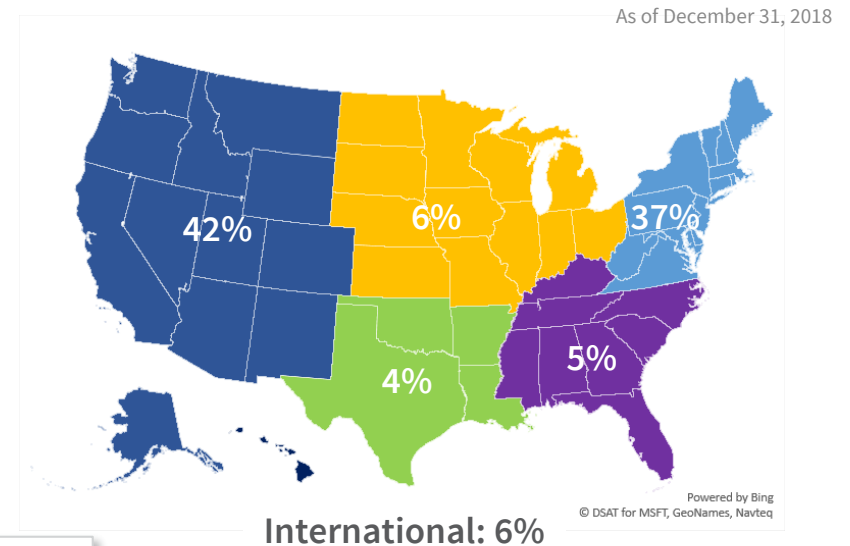
Investment Type Breakout



Industry Breakout



Hercules Investments by Geography



HERCULES WARRANT & EQUITY PORTFOLIO: POTENTIAL FUTURE UPSIDE FOR SHAREHOLDER'S TOTAL RETURN

12 Companies completed IPOs or in Registration – YTD 2019

- Stealth Bio Therapeutics, Avedro, Lightspeed POS, Lyft, X4 Pharmaceuticals, Pinterest, TransMedics and Fastly completed IPOs
- Four (4) confidential JOBS Act filers

Four (4) Announced or Completed Portfolio Company M&A Liquidity Events – YTD 2019

- Labcyte , Art.com, Aquantia and Microsystems Holding (a.k.a. Litera Microsystems)

Current Warrant and Equity Portfolio – Q1 2019

- | | |
|---|---|
| <ul style="list-style-type: none">■ 126 warrant holdings<ul style="list-style-type: none">• GAAP fair value ~\$26.9 million• GAAP cost ~\$34.3 million• ~\$74.8 million in nominal Exercise Value (as of 3/31/19) | <ul style="list-style-type: none">■ 57 equity holdings<ul style="list-style-type: none">• GAAP fair value ~\$157.0 million• GAAP cost ~\$205.6 million |
|---|---|

-
- Illustrative models of potential warrant gains (as of 3/31/19)
 - Assumption: 50% of warrants will not monetize
 - GAAP cost ~\$17.2 million
 - Based on ~96.2 million weighted average shares

\$37.4M x 2X multiple:
\$74.8M - \$17.2M cost =
\$57.6M unrealized gain = **\$0.60/share**

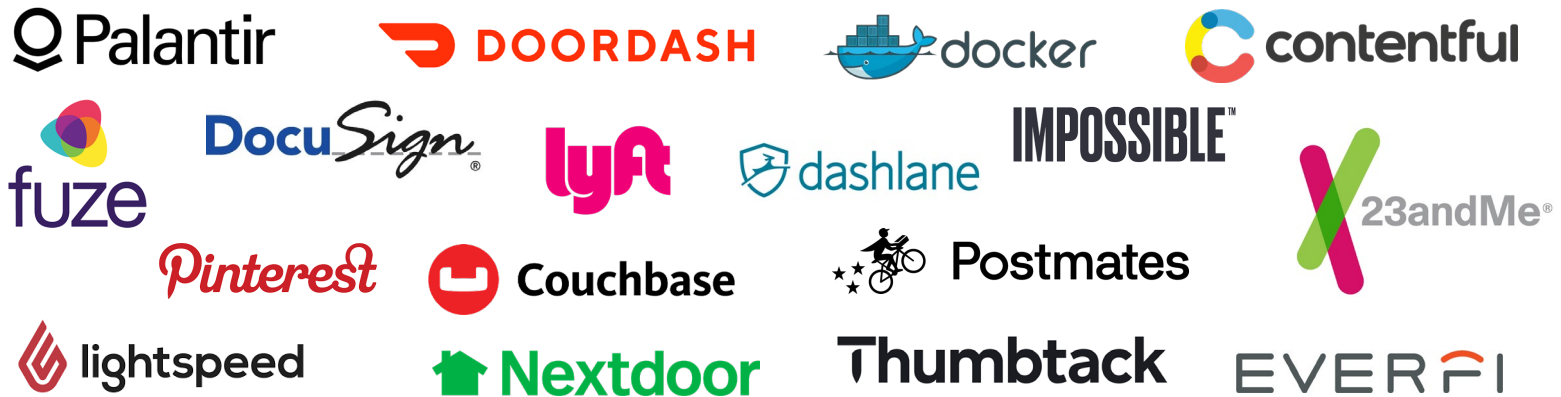
\$37.4M x 3X multiple:
\$112.2M - \$17.2M cost =
\$95.0M unrealized gain = **\$0.99/share**

\$37.4M x 4X multiple:
\$149.6M - \$17.2M cost =
\$132.4M unrealized gain = **\$1.38/share**

SELECT LIST OF WARRANT AND EQUITY PORTFOLIO HOLDINGS

Warrant Holdings in 126 Portfolio Companies

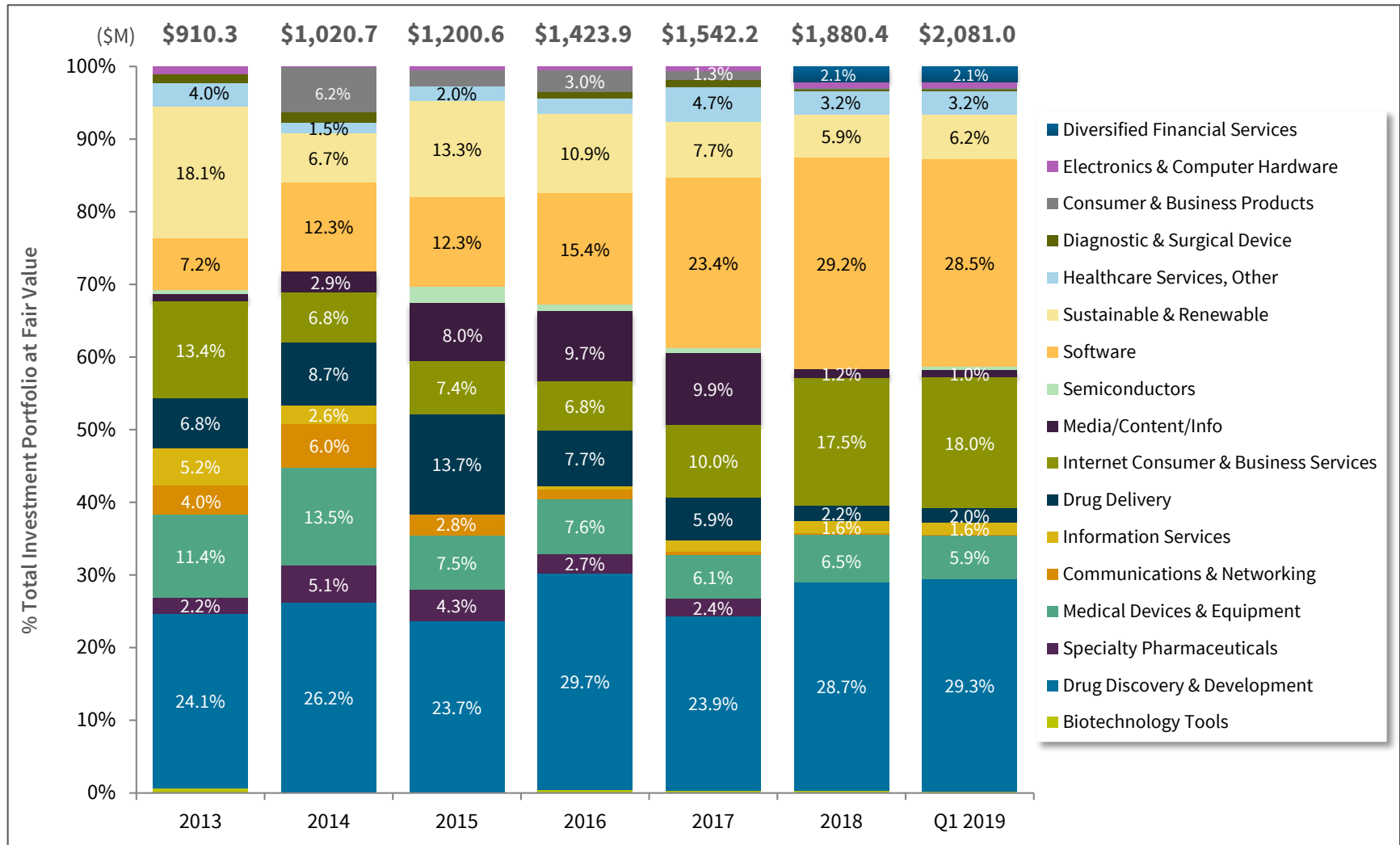
Technology



Life Sciences



A BROADLY DIVERSIFIED PORTFOLIO RE-BALANCED ACCORDING TO OUR ASSESSMENT OF ONGOING MARKET CONDITIONS MITIGATES RISK



SELECT LIST OF DIVERSIFIED PORTFOLIO COMPANIES

Technology

Equity-only Investments

 Palantir

 DocuSign

 Pinterest

 facebook

 DOORDASH

 lyft

 docker

 Couchbase

 Postmates

 FANDUEL



ForeScout

 MACHINEZONE

 ancestry.com

 WageWorks

Life Sciences

 uniQure

 Celator[®]
Pharmaceuticals

 Intuity[®]
MEDICAL

 TRICIDA

 MYOVANT
SCIENCES

 insmed

 TransMedics

 Stealth
BIOTHERAPEUTICS

 Bellicum
PHARMACEUTICALS

 AXOVANT
Dementia Solutions

 MERRIMACK
PHARMACEUTICALS

 revance[®]

 Melinta[®]
THERAPEUTICS

 CHEMOCENTRYX

SaaS Financing

 box

 EVERNOTE

 onelogin

 Banker's
Toolbox



fuze

 Wrike

 salsa



CLARABRIDGE

 AppDirect

 C2FO

 Quid

 dashlane

 EVERFI

Sustainable & Renewable Technology



PROTERRA

 IMPOSSIBLE

 -chargepoint-

 PLUG
POWER

 tpi[®] COMPOSITES

 horizon
SOLAR POWER

 Trilliant

 fuelcell energy

 Xometry

 AMYRIS

 BrightSource
Limitless

 FLUIDIC ENERGY

Special Situations

 Annie's

 zayo[®]
GROUP

 HighJump[®]
SOFTWARE

 Jab
broadband

 MD
everywhere

 Medsphere

 daegis

 InfoLogix

 intelligent
beauty

 Velocity

 VAULTLOGIX

 Education Dynamics

 SCRIPTSAVE

DIVERSIFIED INVESTMENT APPROACH MITIGATES RISK



Four Key Diversification Strategies

FINANCIAL SPONSORS

More than
1000 Venture
Capital Firms
&
Investors

INDUSTRY SECTORS

Technology
SaaS Financing
Life Sciences
Sustainable &
Renewable
Special
Situations

STAGES OF DEVELOPMENT

Expansion or
“Venture Growth”
&
Established

GEOGRAPHIC LOCATION

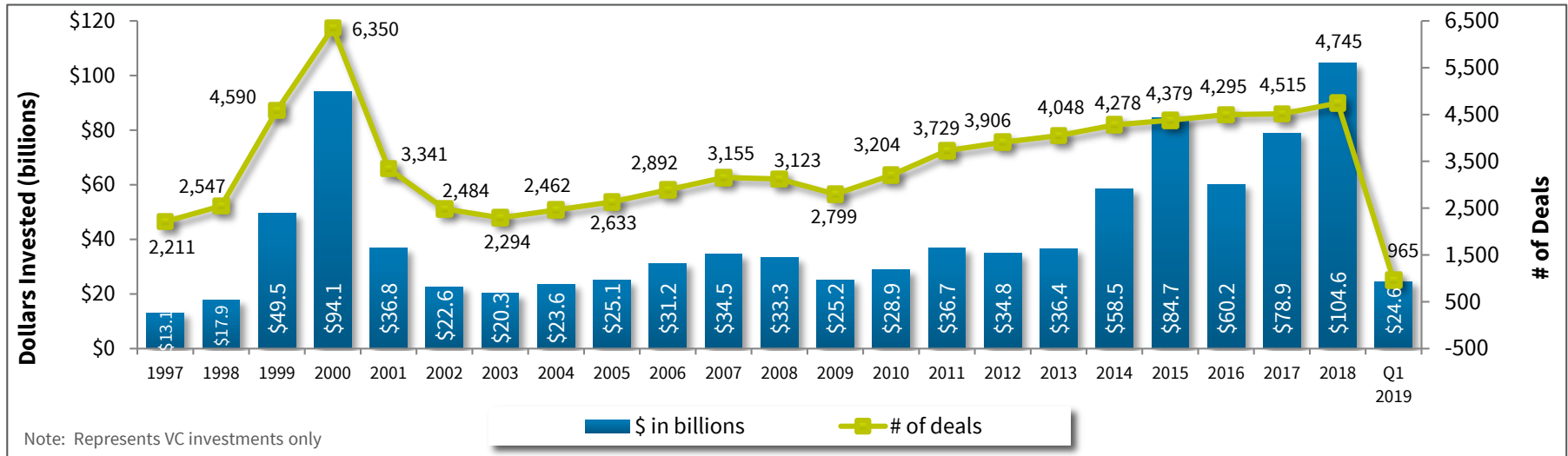
Key VC
Investment
Centers
Palo Alto
Boston
New York
Washington DC
Chicago
Hartford

VENTURE CAPITAL MARKET OPPORTUNITY



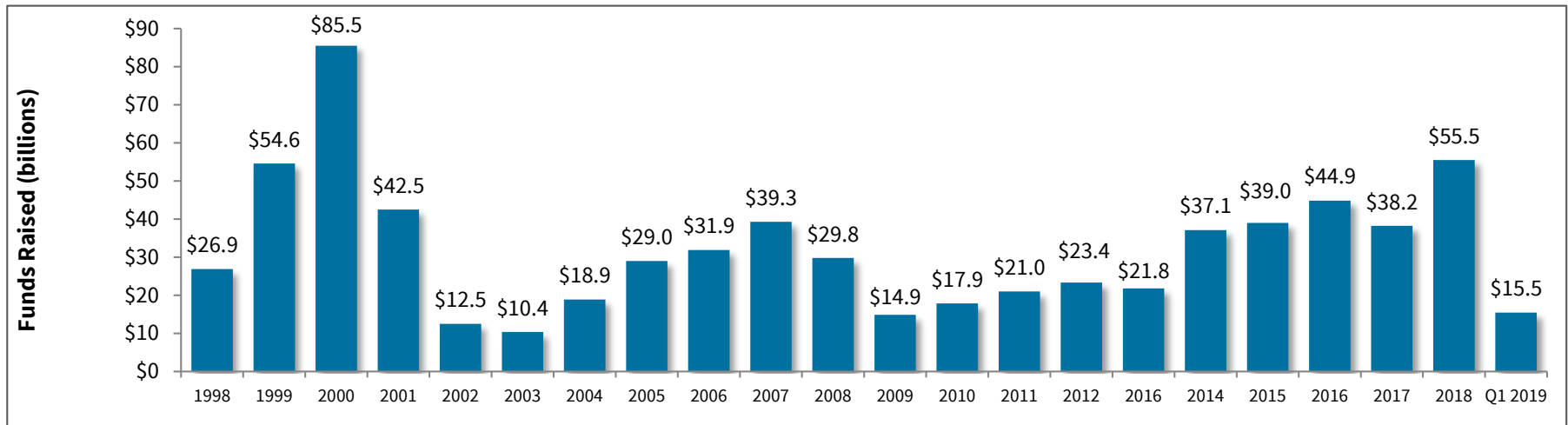
OVER \$975.5 BILLION VENTURE CAPITAL INVESTMENT

Venture Capital Investment Activity 1997 – Q1 2019



Source: Dow Jones VentureSource Q1 2019

Venture Capital Fundraising Activity 1997 – Q1 2019



Source: Dow Jones VentureSource Q1 2019

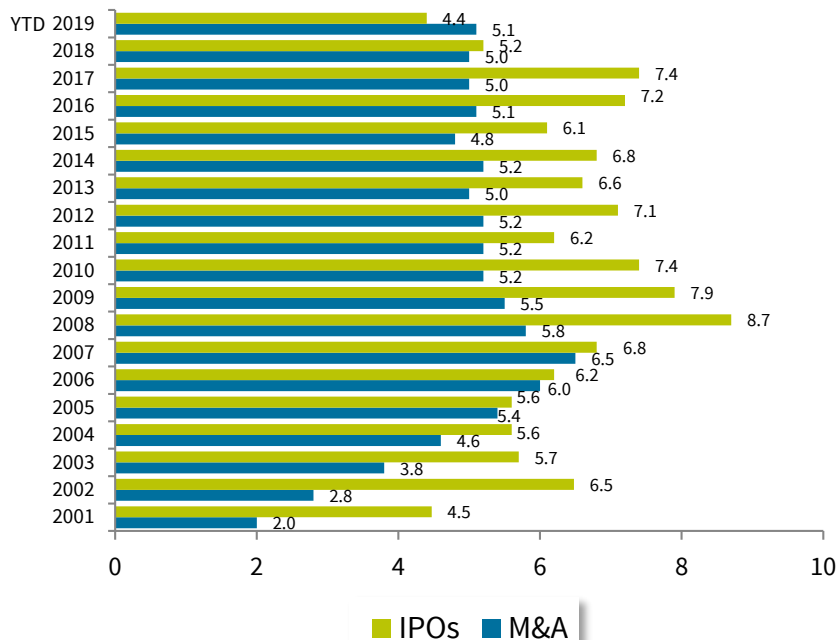
WHY VENTURE BACKED COMPANIES USE VENTURE DEBT?

Venture Debt Complements Equity Financing and Optimizes Capital Structure

- 1 Less dilutive than new VC round
- 2 Lengthens time before next equity round
- 3 Provides negotiating leverage for higher valuations
- 4 Leverages returns of equity investors

As Time to Exit has Increased...

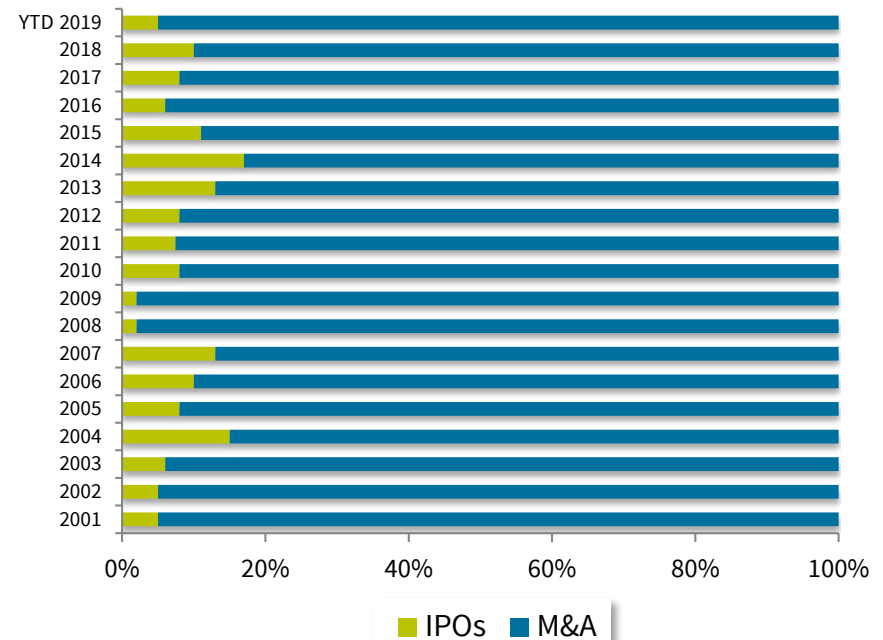
Median Time from Initial Equity Funding



Source: Dow Jones VentureSource Q1 2019

... M&A Remains the Exit of Choice

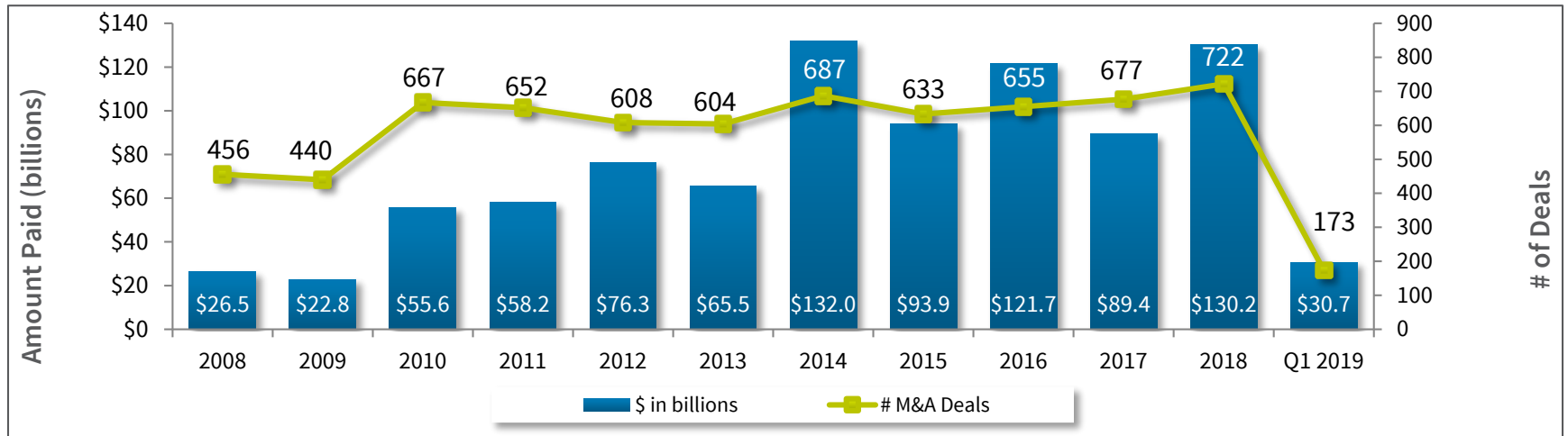
Breakdown of Venture Backed Liquidity Events



Source: Dow Jones VentureSource Q1 2019

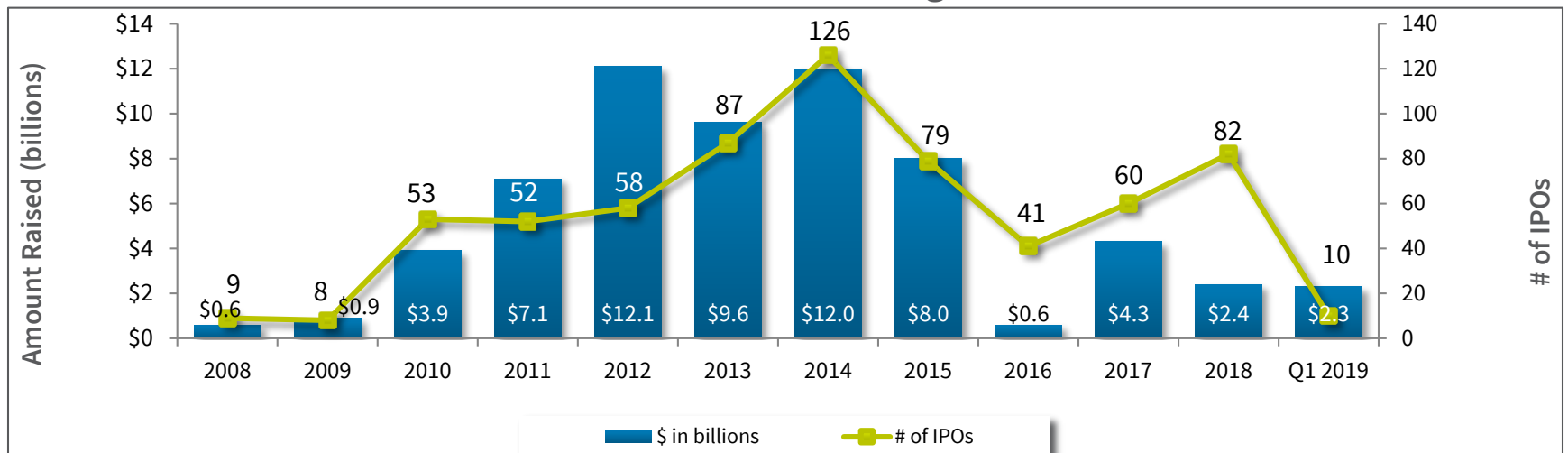
EXITS OF VENTURE CAPITAL-BACKED COMPANIES

Mergers & Acquisitions



Source: Dow Jones VentureSource Q1 2019

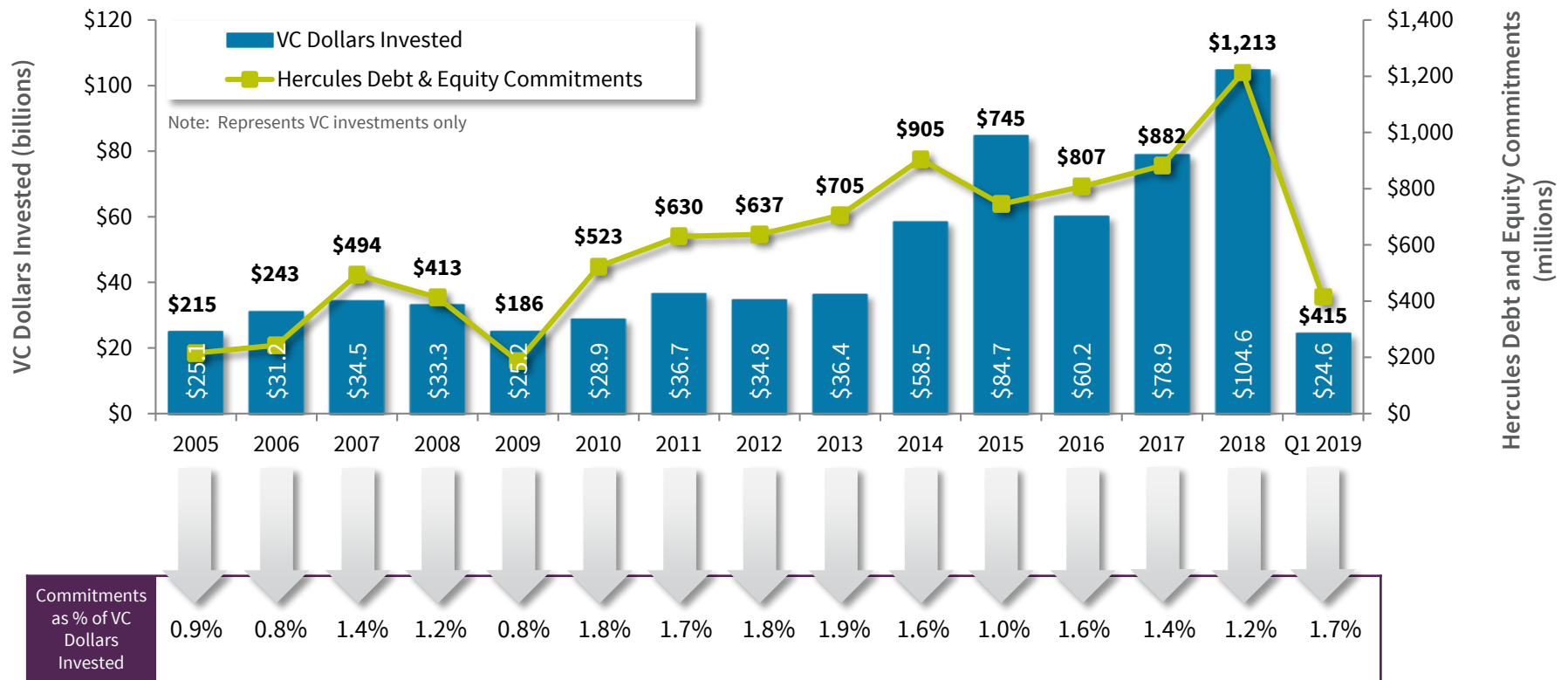
Initial Public Offerings



Source: Dow Jones VentureSource Q1 2019

HERCULES' TOTAL COMMITMENTS vs. VC DOLLARS INVESTED

VENTURE CAPITAL INVESTMENT ACTIVITY 2005 – Q1 2019

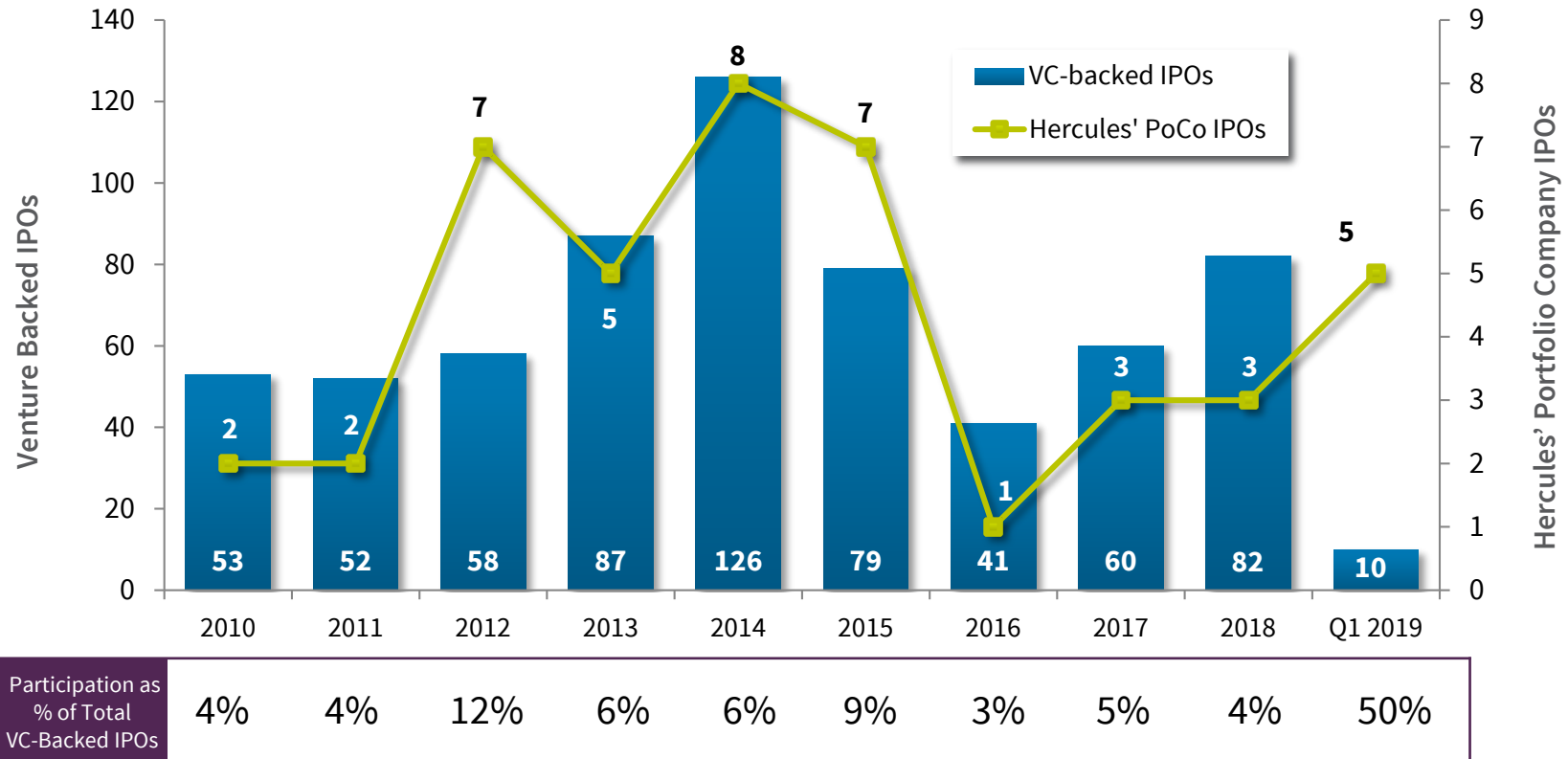


- Hercules' uncompromising yield and credit underwriting standards drives commitments
- Market conditions determine commitment activity more than pure VC investment activity
- Hercules' 15-year historical average: 1.4%

Source: Dow Jones VentureSource Q1 2019

HERCULES' PORTFOLIO COMPANY IPOs

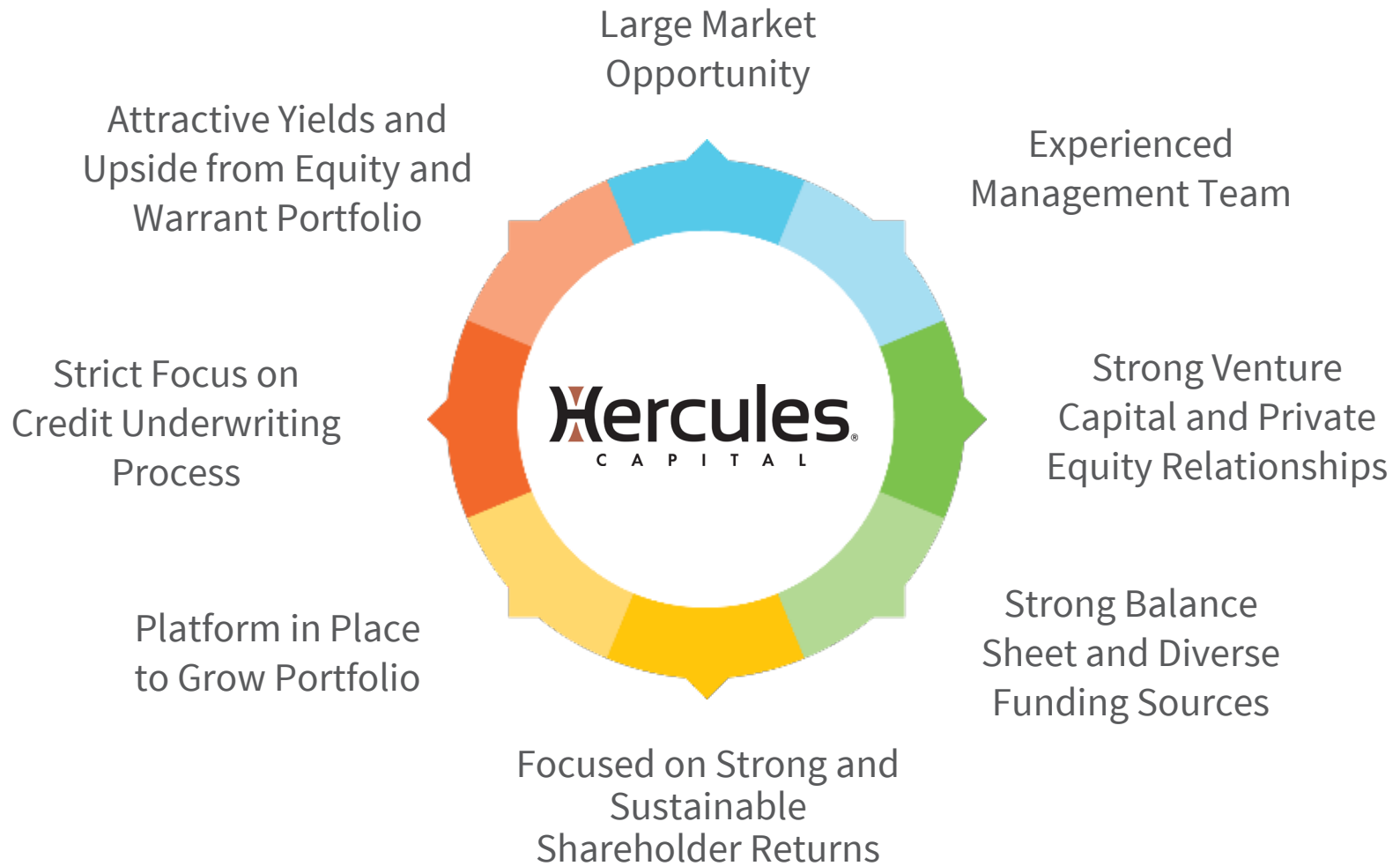
PROVIDING INVESTOR ACCESS TO SOME OF AMERICA'S MOST PROMISING COMPANIES



- M&A represents on average **91%** of venture capital investment exits since 2010

Source: Dow Jones VentureSource Q1 2019

INVESTMENT HIGHLIGHTS



ANALYST COVERAGE



BROAD INDUSTRY ANALYST COVERAGE – 10 FIRMS



Finian O'Shea
(Transferred Coverage 7/13/2018)

Jefferies

John Hecht
(Initiated Coverage 6/30/2015)

JMP

Chris York
(Initiated Coverage 10/24/2012)



A Stifel Company

Ryan Lynch
(Re-initiated Coverage 2/19/2013)



Tim Hayes
(Re-initiated Coverage 10/2/2017)

**SANDLER
O'NEILL
+ PARTNERS**

Aaron James Deer
(Initiated Coverage 9/29/2011)



Casey Alexander
(Initiated Coverage 6/23/15)



Mitchel Penn
(Initiated Coverage 1/14/2015)



Henry Coffey
(Initiated Coverage 10/24/17)



Christopher Nolan
(Initiated Coverage 11/20/2017)

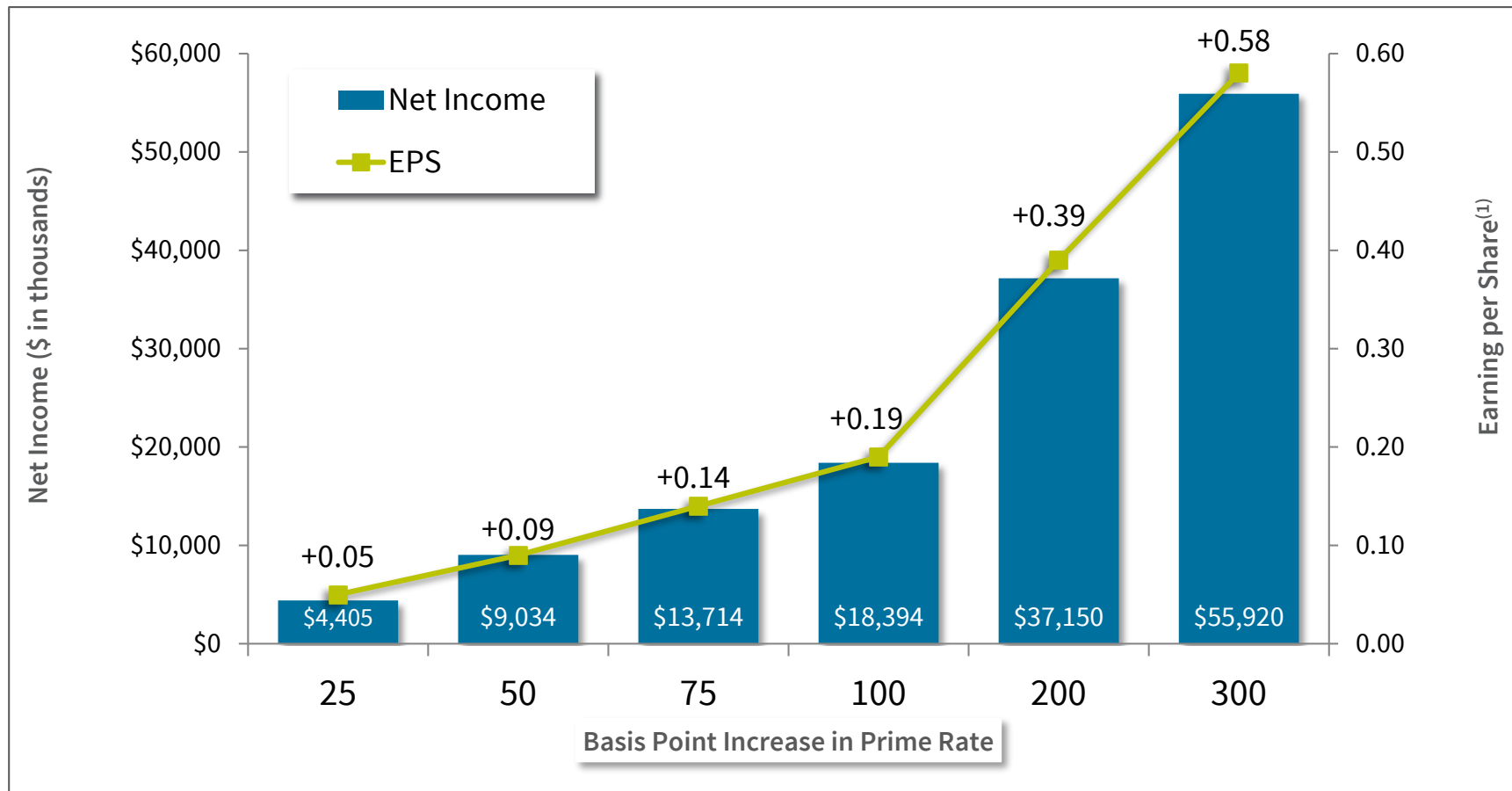
Hercules Capital is followed by the analysts listed above. Please note that any opinions, estimates or forecasts regarding Hercules Capital's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of Hercules Capital or its management. Hercules Capital does not by its reference above or distribution imply its endorsement of or concurrence with such information, conclusions or recommendations.

SUPPLEMENTAL INFORMATION



RIISING INTEREST RATES & HIGH ASSET SENSITIVITY BENEFITS HERCULES

We anticipate each 25 bps, or 0.25%, increase in the Prime Rate to contribute ~\$4.4 million to Net Interest Income, or \$0.05 per share annually



(1) EPS calculated on basic weighted shares outstanding of 96.2 million and a static debt investment portfolio as of March 31, 2019. Estimates are also subject to change due to impact from potential participation in the Company's equity ATM program and future equity offerings.

REGULATION AND STRUCTURE

Hercules is an Internally Managed BDC under the 1940 Act and a RIC for Tax Purposes

Business Development Company (BDC)

- Regulated by the SEC under the Investment Company Act of 1940
- Leverage limited to approximately 2:1 debt/equity, unless an SEC exemptive order exists to exclude SBA debt
- Investments are required to be carried at fair value
- Majority of Board of Directors must be independent
- Offer managerial assistance to portfolio companies

Regulated Investment Company (RIC)

- Distribute taxable income as dividend distributions to shareholders
- Mandates asset diversification
- Eliminates corporate taxation
- Allows for the retention of capital gains and/or spillover of taxable income

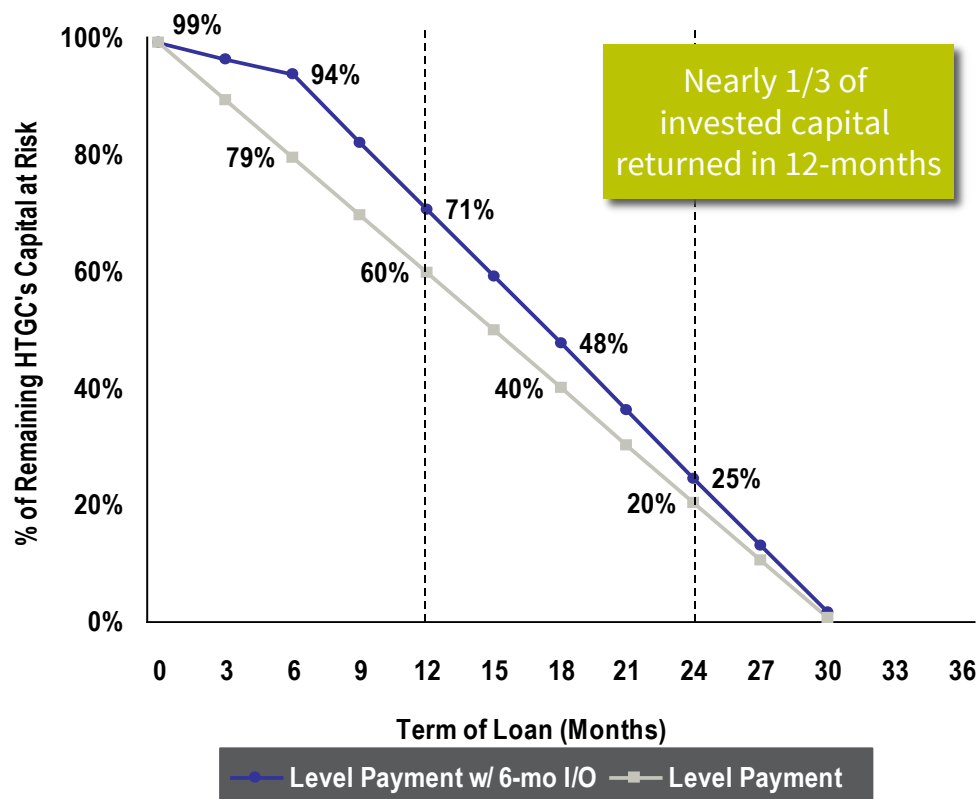
Small Business Investment Company (SBIC)

- One Small Business Investment Company (“SBIC”) license granted through the U.S. Small Business Administration (“SBA”)
- Currently, \$149.0 million exemption from SEC leverage restrictions for BDCs, excludes all SBIC debt from BDC 2:1 leverage test

VENTURE GROWTH INVESTMENT STRUCTURE MITIGATES CAPITAL RISK

- Rapidly amortizing principal balance and current cash-pay interest
- “Security interest” – generally first security interest in all assets of borrower
- Simultaneous or recent equity round; in addition sponsor commitment for continued financial support
- Generally expect sufficient capital at time of investment to support operations and debt service for at least 9 -18 months
- Diversification across industry sub-sectors, development stages and financial sponsors

Reduction of Invested Capital at Risk



Note: Capital at risk reduced by fees, principal payments and interest payments. Assumes 36 month term, 1% origination fee, 11% interest, and a level payment schedule.

PRIMARILY INVEST AT STAGES OF HIGH GROWTH

	Expansion Stage	Established
Type of Company	Follow-on Rounds of Growth Capital (Series B-Liquidity Event)	Private Late Stage/ Select Public Companies
Equity Capital Provider	Venture Capital/ Private Equity	Public Markets/ Private Equity
Expectation for Additional Sponsor Support	1-3 Additional Rounds	0-2 Additional Rounds
Targeted Warrant Gain Potential	3-7 x	2-4 x
Potential Time to Liquidity	4-6 years	2-4 years