

HERCULES TECHNOLOGY GROWTH CAPITAL INC

Form DEF 14A

May 23, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

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 Technology Growth 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:

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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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May 23, 2014

Dear Stockholder:

You are cordially invited to attend the 2014 annual meeting of stockholders of Hercules Technology Growth Capital, Inc. The annual meeting will be held on July 8, 2014 at 10:00 a.m., Eastern time, at the Mandarin Oriental Hotel, 776 Boylston Street, Boston, Massachusetts 02199.

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 annual meeting, please carefully review the enclosed proxy statement and then cast your vote. It is important that your shares be represented at the annual meeting, and you are encouraged to vote your shares as soon as possible. The enclosed proxy card contains instructions for voting over the Internet, by telephone or by returning your proxy card via mail in the envelope provided. For shares held in street name, please follow the relevant instructions for telephone and Internet voting provided by the broker, bank or other nominee.

Your continuing support of Hercules is very much appreciated.

Sincerely,

Manuel A. Henriquez
Chairman of the Board
Chief Executive Officer

Hercules Technology Growth Capital, Inc.

400 Hamilton Avenue, Suite 310

Palo Alto, California 94301

(650) 289-3060

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NOTICE OF 2014 ANNUAL MEETING OF STOCKHOLDERS

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

<i>Time</i>	10:00 a.m., Eastern time
<i>Date</i>	July 8, 2014
<i>Place</i>	Mandarin Oriental Hotel, 776 Boylston Street, Boston, Massachusetts 02199
<i>Purpose</i>	<ol style="list-style-type: none">1. To elect one director who will serve for three years or until his successor is elected and qualified;2. To ratify the selection of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the year ending December 31, 2014;3. To approve an advisory proposal on named executive officer compensation; and4. To transact such other business as may properly come before the meeting or any adjournment thereof.
<i>Record Date</i>	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 May 14, 2014.
<i>Voting by Proxy</i>	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 meeting. You may submit your proxy card or voting instruction form by mail. If you are a registered shareholder, 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 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.

The enclosed proxy statement is also available at www.astproxyportal.com/ast/14146. This website also includes copies of the form of proxy 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,

Michael Penney
Secretary

May 23, 2014

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HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

400 Hamilton Avenue, Suite 310

Palo Alto, California 94301

PROXY STATEMENT

GENERAL INFORMATION

Why did you send me this proxy statement?

We have sent you this proxy statement and the enclosed proxy card because our board is soliciting your proxy to vote at the 2014 annual meeting of stockholders. The annual meeting will be held at the Mandarin Oriental Hotel, 776 Boylston Street, Boston, Massachusetts on July 8, 2014, at 10:00 a.m., Eastern 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 annual meeting to vote your shares. You may simply complete, sign and return the enclosed proxy card or 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 began mailing this proxy statement on or about May 23, 2014 to all stockholders entitled to vote their shares at our annual meeting.

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

If you owned shares of our common stock at the close of business on May 14, 2014, you are entitled to vote your shares at the 2014 annual meeting. This date is the record date for the annual meeting. As of the record date, we had 62,605,639 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 that it is voted on at the annual meeting.

How do I vote?

If your shares are registered in your name, you may vote in person at the annual meeting or by proxy without attending the meeting. Registered shareholders may also 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 of directors 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.

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If you plan to attend the annual meeting and vote in person, we will give you a proxy card when you arrive. If your shares are held in the name of your broker, bank, or other nominee, you must bring an account statement or letter from that broker, bank, or nominee. The account statement or letter must show that you were the direct or indirect beneficial owner of the shares on May 14, 2014, the record date for voting. Alternatively, you may contact the person in whose name your shares are registered and obtain a proxy from that person and bring it to the annual meeting.

What is the quorum requirement for the Annual Meeting?

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.

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

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.

What is householding?

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's 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.

May I change my vote or revoke my proxy?

If you are a registered shareholder, 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 attending the meeting and voting in person. If your shares are held in street name, you must contact your bank, broker or other nominee for instructions on changing your vote.

What will happen if I do not vote my shares?

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

If 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 New York Stock Exchange, referred to as the NYSE, your bank, broker or other nominee does not have discretion to vote your shares on non-routine matters such as Proposals 1 and 3. However, your bank, broker or other nominee does have discretion to vote your shares on routine matters such as Proposal 2.

Table of Contents***What is the vote required for each proposal?***

Proposal	Vote Required	Broker Discretionary Voting Allowed?	Effect of Abstentions and Broker Non-Votes
Proposal 1 Election of a director nominated by our board and named in this proxy statement who will serve for three years or until his successor is elected and qualified	Affirmative vote of the holders of a plurality of the shares of stock outstanding	No	Because directors are elected by a plurality of the votes, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option for this proposal.
Proposal 2 Ratification of the selection of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2014	Affirmative vote of a majority of the votes cast at the annual meeting in person or by proxy	Yes	Abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote.
Proposal 3 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.

What are the Board's recommendations on how to vote my shares?

Our board of directors recommends the following:

Proposal 1 FOR the election of the nominee named herein as a director

Proposal 2 FOR ratification of the selection of the independent registered public accounting firm

Proposal 3 FOR approval of the advisory proposal on named executive officer compensation

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.

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

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 nominee named herein as a director

Proposal 2 **FOR** ratification of the selection of the independent registered public accounting firm

Proposal 3 **FOR** approval of the advisory proposal on named executive officer compensation

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

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on the particular matter. Under the NYSE's rules, banks, brokers and other nominees have the discretion to vote on routine matters such as Proposal 2 but do not have discretion to vote on non-routine matters such as Proposals 1 and 3. Therefore, if you do not provide voting instructions to your broker or other nominee, your broker or other nominee may only vote your shares on Proposal 2 and any other routine matters properly presented for a vote at the annual meeting.

The NYSE no longer permits brokers to vote in the election of directors or on executive compensation proposals, including Proposals 1 and 3 in this proxy statement, if the holder of record has not received instructions from the beneficial owner. Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.

What are abstentions and broker non-votes ?

An abstention represents action by a stockholder to refrain from voting for or against a proposal. Broker non-votes represent votes that could have been cast on a particular matter by a broker, as a stockholder of record, but that were not cast because the broker (i) lacked discretionary voting authority on the matter and did not receive voting instructions from the beneficial owner of the shares, or (ii) had discretionary voting authority but nevertheless refrained from voting on the matter.

Who is paying for the costs of soliciting these proxies?

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 Georgeson, Inc. to assist in the solicitation of proxies for estimated fees of \$50,000 plus out-of-pocket expenses.

How do I find out the results of the voting at the Annual Meeting?

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

Who should I call if I have any questions?

If you have any questions about the annual meeting, voting or your ownership of our common stock, please call us at (650) 289-3060 or send an e-mail to Michael Penney, secretary and general counsel, at mpenney@htgc.com.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of May 14, 2014, the beneficial ownership of each current director, each nominee for director, our named executive officers for the year ended December 31, 2013, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and the 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 May 14, 2014 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 62,605,639 shares of common stock outstanding as of May 14, 2014.

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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 Technology Growth Capital, Inc., 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301.

The Company's 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, referred to as the 1940 Act.

Name and Address of Beneficial Owner	Number of Shares Owned Beneficially ⁽¹⁾	Percentage of Class
Interested Director:		
Manuel A. Henriquez ⁽²⁾	2,099,373	3.4%
Independent Directors:		
Robert P. Badavas ⁽³⁾	135,399	*
Joseph W. Chow ⁽⁴⁾	129,325	*
Allyn C. Woodward, Jr. ⁽⁵⁾	228,611	*
Named Executive Officers:		
Jessica Baron ⁽⁶⁾	141,736	*
Parag Shah ⁽⁷⁾	462,465	*
Scott Bluestein ⁽⁸⁾	279,347	*
Executive officers and directors as a group (eight persons)⁽⁹⁾	3,480,256	5.6%

* Less than 1%

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934.
- (2) Includes 775,230 shares of restricted stock, and 54,348 shares of common stock held in trusts for the benefit of Mr. Henriquez's children and for which his spouse serves as trustee. Mr. Henriquez disclaims beneficial ownership of such shares held in trust except to the extent of his pecuniary interest therein.
- (3) Includes 5,000 shares of common stock that can be acquired upon the exercise of outstanding options and 1,666 shares of restricted common stock.
- (4) Includes 5,000 shares of common stock that can be acquired upon the exercise of outstanding options and 1,666 shares of restricted common stock.
- (5) Includes 5,000 shares of common stock that can be acquired upon the exercise of outstanding options and 3,333 shares of restricted common stock.
- (6) Includes 125,104 shares of restricted common stock.
- (7) Includes 243,669 shares of restricted common stock.
- (8) Includes 95,539 shares of common stock that can be acquired upon the exercise of outstanding options and 125,104 shares of restricted common stock.
- (9) Includes 110,539 shares of common stock that can be acquired upon the exercise of outstanding options and 1,243,693 shares of restricted common stock.

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The following table sets forth as of May 14, 2014, the dollar range of our securities owned by our directors and executive officers.

Name	Dollar Range of Equity Securities Beneficially Owned⁽¹⁾
Interested Director:	
Manuel A. Henriquez	over \$100,000
Independent Directors:	
Robert P. Badavas	over \$100,000
Joseph W. Chow	over \$100,000
Allyn C. Woodward, Jr.	over \$100,000
Executive Officers:	
Jessica Baron	over \$100,000
Parag Shah	over \$100,000
Scott Bluestein	over \$100,000

(1) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Securities Exchange Act of 1934, as amended.

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PROPOSAL 1: ELECTION OF DIRECTORS

The Board unanimously recommends that you vote

FOR

The nominee for director (Item 1 on your proxy card)

The number of directors on our board is currently fixed at four directors and is divided into three classes. However, our board has reduced the size of the board to three directors effective upon the expiration of Mr. Chow's term immediately prior to the 2014 annual meeting. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualified. The terms of Robert Badavas and Joseph Chow expire in 2014, Allyn C. Woodward Jr.'s term expires in 2015, and Manuel A. Henriquez's term expires in 2016.

Mr. Badavas has been nominated for re-election for a three year term expiring in 2017. Mr. Chow has notified the board that he will not stand for re-election at the annual meeting, and his term will expire immediately prior to the 2014 annual meeting. Mr. Badavas is not being nominated as a director for election pursuant to any agreement or understanding between such person and Hercules. Mr. Badavas has indicated his willingness to continue to serve if elected and has consented to be named as a nominee. Mr. Badavas is not an interested director of Hercules, as defined under the 1940 Act.

A stockholder can vote for or withhold his or her vote for the nominee. **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 the nominee named in this proxy statement. If the nominee should decline or be unable to serve as a director, it is intended that the proxy will be voted for the election of such person as is nominated by our board as a replacement.** Our board has no reason to believe that the nominee will be unable or unwilling to serve.

Required Vote

This proposal requires the affirmative vote of the holders of a plurality of the shares of stock outstanding and entitled to vote thereon. Stockholders may not cumulate their votes. If you vote withhold authority with respect to the nominee, your shares will not be voted with respect to the person indicated. Because directors are elected by a plurality of the votes, an abstention will have no effect on the outcome of the vote and, therefore, is not offered as a voting option for this proposal.

Information about the Directors and Executive Officers

Set forth below is information, as of May 14, 2014, regarding Mr. Badavas, who is being nominated for election as a director of Hercules by our stockholders at the 2014 annual meeting, as well as information about our other current directors whose terms of office will continue or expire after the annual meeting, including each director's (i) name and age; (ii) a brief description of their recent business experience, including present occupations and employment during at least the past five years; (iii) directorships, if any, that each director holds and has held during the past five years; and (iv) the year in which each person became a director of Hercules. As the information that follows indicates, each nominee and each continuing director brings strong and unique experience, qualifications, attributes, and skills to our board. This provides our board, collectively, with competence, experience, and perspective in a variety of areas, including: (i) corporate governance and board service; (ii) executive management, finance, and accounting; (iii) venture capital financing with a technology-related focus; (iv) business acumen; and (v) an ability to exercise sound judgment.

Moreover, our nominating and corporate governance committee believes that it is important to seek nominees with a broad diversity of experience, professions, skills, geographic representation and backgrounds. Our nominating and corporate governance committee does not assign specific weights to particular criteria and

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no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow our board to fulfill its responsibilities. Our board does not have a specific diversity policy, but considers diversity of race, religion, national origin, gender, sexual orientation, disability, cultural background and professional experiences in evaluating candidates for board membership.

Name	Age	Positions
Interested Director:		
Manuel A. Henriquez ⁽¹⁾	50	Chairman of the Board, President and Chief Executive Officer
Independent Directors:		
Robert P. Badavas ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	61	Director
Allyn C. Woodward, Jr. ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾	73	Director
Executive Officers:		
Jessica Baron	39	Vice President of Finance and Chief Financial Officer
Parag Shah	42	Senior Managing Director and Life Sciences Group Head
Scott Bluestein	36	Chief Investment Officer
Michael Penney	37	General Counsel, Secretary, Chief Compliance Officer

- (1) Mr. Henriquez is an interested person, as defined in section 2(a)(19) of the 1940 Act, of Hercules due to his position as an executive officer of the company.
- (2) Member of the audit committee.
- (3) Member of the valuation committee.
- (4) Member of the compensation committee.
- (5) Member of the nominating and corporate governance committee.

Director Nominee

Mr. Badavas is independent under the NYSE rules, and he is not an interested person as defined in Section 2(a)(19) of the 1940 Act.

Robert P. Badavas has served as a director since March 2006. Since January 2012, Mr. Badavas has served as President and Chief Executive Officer of PlumChoice, Inc., a venture backed technology, software and services company. Mr. Badavas also has served on the board of directors of PlumChoice since November 2010. Previously, Mr. Badavas served as President of Petros Ventures, Inc., a management and advisory services firm. Mr. Badavas was President and Chief Executive Officer of TAC Worldwide, a multi-national technical workforce management and business services company, from December 2005 through October 2009, and was Executive Vice President and Chief Financial Officer of TAC Worldwide from November 2003 to December 2005. Prior to joining TAC Worldwide, Mr. Badavas was a Partner and Chief Operating Officer of Atlas Venture, an international venture capital firm, from September 2001 to September 2003 and Chief Executive Officer at Cerulean Technology, Inc., a venture capital backed wireless application software company. Since May 2007, Mr. Badavas has served on the board of directors and is chairman of the Audit Committee of Constant Contact, Inc. (NASDAQ: CTCT), a provider of email and other engagement marketing products and services for small and medium sized organizations. In addition, Mr. Badavas serves as Vice-Chairman of the board of trustees of Bentley University in Waltham, MA. Mr. Badavas also serves on the board of Hellenic College/Holy Cross School of Theology in Brookline, MA where he serves on the Executive Committee of the board as its Treasurer and Chair of the Real Estate and Investment Committees. Mr. Badavas is

Chairman Emeritus of The Learning Center for the Deaf in Framingham, MA and currently serves on the board's Advancement and Finance Committees. Mr. Badavas is a certified public accountant with nine years of experience at PricewaterhouseCoopers LLP, an independent registered public accounting firm. Also, Mr. Badavas has completed a program that studied strategies to make corporate boards more effective at the Harvard Business School. Mr. Badavas is active in board of director organizations and regularly attends

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professional seminars addressing issues of current import to boards of directors. Mr. Badavas is a magna cum laude graduate of Bentley University with a BS in Accounting and Finance.

Through his prior experience as a director, chief executive officer, chief operating officer and chief financial officer, Mr. Badavas brings business expertise, executive leadership experience, finance, and audit skills to his Board service with the Company. Mr. Badavas' expertise, experience and skills closely align with our operations, and his prior investment experience with venture capital firms and technology companies facilitates an in-depth understanding of our investment business. Mr. Badavas' expertise and experience also qualify him to serve as Chairman of our Audit Committee and as our audit committee financial expert.

Other Directors

Interested Director

Mr. Henriquez is an interested director because he is our Chairman and Chief Executive Officer.

Manuel A. Henriquez is a co-founder of the Company and has been our Chairman and Chief Executive Officer since 2004 and our President since 2005. Prior to co-founding the Company, Mr. Henriquez was a Partner at VantagePoint Venture Partners, a \$2.5 billion multi-stage technology venture fund, from August 2000 through July 2003. Prior to VantagePoint Venture Partners, Mr. Henriquez was the President and Chief Investment Officer of Comdisco Ventures, a division of Comdisco, Inc., a leading technology and financial services company, from November 1999 to March 2000. Prior to that, from March 1997 to November 1999, Mr. Henriquez was a Managing Director of Comdisco Ventures. Mr. Henriquez was a senior member of the investment team at Comdisco Ventures that originated over \$2.0 billion of equipment lease, debt and equity transactions from 1997 to 2000. Mr. Henriquez serves on the board of directors of Northeastern University, a global, experiential research university, the Lucile Packard Foundation for Children's Health, the sole fundraising entity for Lucile Packard Children's Hospital and the child health programs at Stanford University School of Medicine, as well as the Children's Health Council, a diagnostic and treatment center for children and adolescents facing developmental and behavioral challenges. Mr. Henriquez received a B.S. in Business Administration from Northeastern University.

Through his broad experience as an officer and director of several private and public companies, in addition to skills acquired with firms engaged in investment banking, banking and financial services, Mr. Henriquez brings to the Company a unique business expertise and knowledge of financing technology related companies as well as extensive financial and risk assessment abilities. Mr. Henriquez possesses a vast array of knowledge in venture capital financing which assists us in the markets in which we compete. Mr. Henriquez's years of experience as our Chairman and Chief Executive Officer since co-founding the Company demonstrate his leadership skills that are valuable in his role as our Chairman and Chief Executive Officer.

Independent Director

The following director is independent under the NYSE rules, and he is not an interested person as defined in Section 2(a)(19) of the 1940 Act.

Allyn C. Woodward, Jr. has served as a director since February 2004. Mr. Woodward was Vice Chairman of Adams Harkness Financial Group (AHFG-formerly Adams, Harkness & Hill) from April 2001 until January 2006 when AHFG was sold to Canaccord, Inc., an independent investment dealer. He previously served as President of AHFG from 1995 to 2001. AHFG was an independent institutional research, brokerage and investment banking firm headquartered in Boston, MA. Prior to joining AHFG, Mr. Woodward worked for Silicon Valley Bank from April

1990 to April 1995, initially as Executive Vice President and Co-founder of the Wellesley, MA office and subsequently as Senior Executive Vice President and Chief Operating Officer of the parent bank in California. Silicon Valley Bank is a commercial bank, headquartered in Santa Clara, CA whose

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principal lending focus is directed toward the technology, healthcare and venture capital industries. Prior to joining Silicon Valley Bank, Mr. Woodward was Senior Vice President and Group Manager of the Technology group at Bank of New England, Boston, MA where he was employed from 1963-1990. He is also a former director and chairman of Lecroy Corporation which was sold in August, 2012 and a former director of Viewlogic Systems, Inc. and Cayenne Software, Inc. Mr. Woodward serves on the boards of three private companies and is on the boards of advisors of five venture capital funds. Mr. Woodward holds an Executive Masters Professional Director Certification, their highest level award, from the American College of Corporate Directors, a public company director education and credentialing organization, is a member of the Board Leaders Group, and is a member of the National Association of Corporate Directors. Mr. Woodward is on the Board of Overseers and a member of the Finance Committee of Newton Wellesley Hospital, a 250 bed hospital located in Newton, MA. Mr. Woodward is a member of the Investment Committee, the Finance Committee and the Private Equity Committee of Babson College in Babson Park, MA. Mr. Woodward graduated from Babson College with a degree in finance and accounting. He also graduated from the Stonier Graduate School of Banking at Rutgers University.

Mr. Woodward's executive and board experience brings extensive business, finance and investment expertise to his Board service with the Company. His experiences with financial services, bank and technology-related companies provide a unique perspective on matters involving business, finance and technology. Mr. Woodward's many board related experiences makes him skilled in leading committees requiring substantive expertise. He is uniquely qualified to lead in the continued development of our Board's policies regarding compensation and governance best practices by serving as Chairman of our Compensation Committee and Nominating and Corporate Governance Committee and by serving as our Lead Independent Director.

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 credit officer, our secretary, general counsel and chief compliance officer, and 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 approved corporate governance guidelines that provide a framework for the operation of the board and address key governance practices. 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 related person transaction approval policy.

As part of its on-going review of our corporate governance policies, our board has approved the following changes to our corporate governance guidelines.

Director term limits All new directors will be limited to terms of 10 years, and the mandatory retirement age is set at 75 (with Messrs. Badavas and Woodward being exempt from such term limits).

Committee chair term limits The chairpersons of the nominating and corporate governance committee and the compensation committee will be limited to three year terms, and the chairperson of the audit committee will be limited to a five year term (with Mr. Badavas, the current audit committee chairperson, being excluded from such term limits).

Our board will continue to review and update the corporate governance guidelines and our corporate governance framework, including the potential expansion of the size of our board.

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Board Leadership Structure

Chairman and Chief Executive Officer

Our board currently combines the role of chairman of the board with the role of chief executive officer, coupled with a lead independent director position to further strengthen our governance structure. Our board believes this provides an efficient and effective leadership model for our company. Combining the chairman and chief executive officer roles fosters clear accountability, effective decision-making, and alignment on corporate strategy. Since 2004, Mr. Henriquez has served as both chairman of the board and chief executive officer.

No single leadership model is right for all companies at all times. Our board recognizes that depending on the circumstances, other leadership models, such as a separate independent chairman of the board, might be appropriate. Accordingly, our board periodically reviews its leadership structure.

Moreover, our board believes that its governance practices provide adequate safeguards against any potential risks that might be associated with having a combined chairman and chief executive officer. Specifically:

two of our three current directors who will serve on our board following the annual meeting are independent directors, and during his term Mr. Chow was an independent director;

all of the members of our audit committee, compensation committee, nominating and corporate governance committee and valuation committee are independent directors;

our board and its committees regularly conduct scheduled meetings in executive session, out of the presence of Mr. Henriquez and other members of management;

our board and its committees regularly conduct meetings which specifically include Mr. Henriquez;

our board and its committees remain in close contact with, and receive reports on various aspects of Hercules' s management and enterprise risk directly from our senior management and independent auditors; and

our board and its committees interact with employees of the company outside the ranks of senior management.

Lead Independent Director

Our board has instituted the lead independent director position to provide an additional measure of balance, ensure our board's independence, and enhance its ability to fulfill its management oversight responsibilities. Allyn C. Woodward, Jr., the chairman of our compensation committee and our nominating and corporate governance committee, currently serves as the lead independent director. The lead independent director:

presides over all meetings of the directors at which our chairman is not present, including executive sessions of the independent directors;

has the authority to call meetings of the independent directors;

frequently consults with our chairman and chief executive officer about strategic policies;

provides our chairman and chief executive officer with input regarding board meetings;

serves as a liaison between the chairman and chief executive officer and the independent directors; and

otherwise assumes such responsibilities as may be assigned to him by the independent directors.

Having a combined chairman and chief executive officer, coupled with a substantial majority of independent, experienced directors, including a lead independent director with specified responsibilities on behalf of the independent directors, provides the right leadership structure for our company and is best for us and our stockholders at this time.

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Board Oversight of Risk

While risk management is primarily the responsibility of our management team, our board is responsible for oversight of the material risks faced by us at both the full board level and at the committee level.

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 implicated 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.

Our board has established an audit committee, a valuation committee, a compensation committee, and a nominating and corporate governance committee. A brief description of each committee is included in this proxy statement and the charters of the audit, compensation, and nominating and corporate governance committees are available on the Investor Relations section of our website at <http://investor.htgc.com/governance.cfm>

The table below provides current membership (M) and chairmanship (C) information for each standing board committee.

Name	Audit	Valuation
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