

HERCULES TECHNOLOGY GROWTH CAPITAL INC

Form 10-Q

November 10, 2008

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Quarterly Period Ended September 30, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 814-00702

HERCULES TECHNOLOGY GROWTH
CAPITAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or Jurisdiction of

743113410
(IRS Employer

Incorporation or Organization)

Identification No.)

400 Hamilton Ave., Suite 310 Palo Alto, California 94301
(Address of Principal Executive Offices)

94301
(Zip Code)

(650) 289-3060

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods as the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) YES NO

On November 7, 2008, there were 32,862,554 shares outstanding of the Registrant's common stock, \$0.001 par value.

Table of Contents

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

FORM 10-Q TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	3
Item 1. <u>Consolidated Financial Statements</u>	3
<u>Consolidated Statement of Assets and Liabilities as of September 30, 2008 (unaudited) and December 31, 2007</u>	3
<u>Consolidated Schedule of Investments as of September 30, 2008 (unaudited)</u>	4
<u>Consolidated Schedule of Investments as of December 31, 2007</u>	18
<u>Consolidated Statement of Operations for the three and nine-month periods ended September 30, 2008 and 2007 (unaudited)</u>	32
<u>Consolidated Statement of Changes in Net Assets for the nine-month periods ended September 30, 2008 and 2007 (unaudited)</u>	33
<u>Consolidated Statement of Cash Flows for the nine-month periods ended September 30, 2008 and 2007 (unaudited)</u>	34
<u>Notes to Consolidated Financial Statements (unaudited)</u>	35
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	48
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	61
Item 4. <u>Controls and Procedures</u>	61
<u>PART II. OTHER INFORMATION</u>	61
Item 1. <u>Legal Proceedings</u>	61
Item 1A. <u>Risk Factors</u>	61
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	66
Item 3. <u>Defaults Upon Senior Securities</u>	66
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	66
Item 5. <u>Other Information</u>	66
Item 6. <u>Exhibits</u>	67
<u>SIGNATURES</u>	68

Table of Contents**PART I: FINANCIAL INFORMATION**

In this Quarterly Report, the Company, Hercules, we, us and our refer to Hercules Technology Growth Capital, Inc. and its wholly owned subsidiaries and its affiliated securitization trusts unless the context otherwise requires.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(in thousands, except per share data)

	September 30, 2008 (unaudited)	December 31, 2007
Assets		
Investments:		
Non-affiliate investments (cost of \$621,675 and \$513,106)	\$ 632,500	\$ 525,725
Affiliate investments (cost of \$6,344 and \$6,344)	4,247	4,247
Total investments, at value (cost of \$628,019 and \$519,450 respectively)	636,747	529,972
Deferred loan origination revenue	(7,769)	(6,593)
Cash and cash equivalents	20,489	7,856
Interest receivable	7,859	6,387
Other assets	17,677	4,321
Total assets	675,003	541,943
Liabilities		
Accounts payable and accrued liabilities	7,213	6,956
Short-term credit facility	127,900	79,200
Long-term credit facility	10,000	
Long-term SBA debentures	127,200	55,050
Total liabilities	272,313	141,206
Net assets	\$ 402,690	\$ 400,737
Net assets consist of:		
Common stock, par value	\$ 33	\$ 33
Capital in excess of par value	397,990	393,530
Deferred stock compensation	(2,418)	(78)
Unrealized appreciation on investments	8,105	10,129
Accumulated realized gains on investments	5,812	819
Distributions in excess of investment income	(6,832)	(3,696)
Total net assets	\$ 402,690	\$ 400,737
Shares of common stock outstanding (\$0.001 par value, 60,000 authorized)	32,863	32,541
Net asset value per share	\$ 12.25	\$ 12.31

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Accelaron Pharmaceuticals, Inc. (0.77%)* ⁽⁴⁾	Drug Discovery	Senior Debt Matures January 2010 Interest rate 10.25%	\$ 2,204	\$ 2,202	\$ 2,202
		Preferred Stock Warrants		69	731
		Preferred Stock Warrants		35	162
Accelaron Pharmaceuticals, Inc. (0.45%)		Preferred Stock		1,243	1,805
Total Accelaron Pharmaceuticals, Inc.				3,549	4,900
Aveo Pharmaceuticals, Inc. (3.78%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures November 2011 Interest rate 11.13%	\$ 15,000	14,913	14,890
		Preferred Stock Warrants		190	252
		Preferred Stock Warrants		104	68
		Preferred Stock Warrants		24	23
Total Aveo Pharmaceuticals, Inc.				15,231	15,233
Elixir Pharmaceuticals, Inc. (2.8%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures December 2010 Interest rate Prime + 4.50%	\$ 11,000	11,000	11,000
		Preferred Stock Warrants		217	260
Total Elixir Pharmaceuticals, Inc.				11,217	11,260
EpiCept Corporation (0.91%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures April 2009 Interest rate 15.00%	\$ 2,768	2,532	2,897
		Common Stock Warrants		161	610
		Common Stock Warrants		40	154
Total EpiCept Corporation				2,733	3,661
Horizon Therapeutics, Inc. (1.53%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures May 2011 Interest rate Prime + 1.50%	\$ 6,000	5,880	5,880
		Preferred Stock Warrants		178	263
Total Horizon Therapeutics, Inc.				6,058	6,143
Inotek Pharmaceuticals Corp. (0.37%)	Drug Discovery	Preferred Stock		1,500	1,500
Total Inotek Pharmaceuticals Corp.				1,500	1,500
Memory Pharmaceuticals Corp. (3.04%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures December 2010 Interest rate 11.45%	\$ 13,245	12,221	12,221
		Common Stock Warrants		1,751	23
Total Memory Pharmaceuticals Corp.				13,972	12,244
Merrimack Pharmaceuticals, Inc. (0.25%) ⁽⁴⁾	Drug Discovery		\$ 85	85	85

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		Convertible Senior Debt		
		Matures October 2008		
		Interest rate 11.15%		
Merrimack Pharmaceuticals, Inc. (0.69%)		Preferred Stock Warrants	156	914
		Preferred Stock	2,000	2,787
Total Merrimack Pharmaceuticals, Inc.			2,241	3,786
Neosil, Inc. (0.00%)	Drug Discovery	Preferred Stock Warrants	83	
Total Neosil, Inc.			83	
Paratek Pharmaceuticals, Inc. (0.10%)(4)	Drug Discovery	Preferred Stock Warrants	137	415
Paratek Pharmaceuticals, Inc. (0.25%)		Preferred Stock	1,000	1,000
Total Paratek Pharmaceuticals, Inc.			1,137	1,415

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Portola Pharmaceuticals, Inc. (3.28%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures September 2011 Interest rate Prime + 2.16%	\$ 12,917	12,840	12,840
		Preferred Stock Warrants		152	350
Total Portola Pharmaceuticals, Inc.				12,992	13,190
Recoly, N.V. (0.74%) ⁽⁶⁾	Drug Discovery	Senior Debt Matures May 2012 Interest rate Prime + 4.25%	\$ 3,000	3,000	3,000
Total Recoly, N.V.				3,000	3,000
Total Drug Discovery (18.96%)				73,713	76,332
Affinity Videonet, Inc. (1.62%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures June 2012 Interest rate Prime + 4.50%	\$ 4,000	3,935	3,935
		Senior Debt Matures June 2012 Interest rate Prime + 5.50%	\$ 2,000	2,000	2,000
		Revolving Line of Credit Matures June 2012 Interest rate Prime + 3.50%	\$ 500	500	500
		Preferred Stock Warrants		74	72
Total Affinity Videonet, Inc.				6,509	6,507
E-band Communications, Inc. (0.50%) ⁽⁷⁾	Communications & Networking	Preferred Stock		2,000	2,000
Total E-Band Communications, Inc.				2,000	2,000
IKANO Communications, Inc. (3.88%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2011 Interest rate 11.00%	\$ 15,196	15,196	15,196
		Preferred Stock Warrants		46	175
		Preferred Stock Warrants		72	266
Total IKANO Communications, Inc.				15,314	15,637
Kadoink, Inc. (0.5%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2011 Interest rate Prime + 2.00%	\$ 2,000	1,952	1,952
		Preferred Stock Warrants		73	72
Kadoink, Inc. (0.06%)		Preferred Stock		250	250
Total Kadoink, Inc.				2,275	2,274
Neonova Holding Company (2.24%)			\$ 9,000	8,924	8,924

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	Communications & Networking	Senior Debt Matures September 2012 Interest rate Prime + 3.25%		
Neonova Holding Company (0.06%)		Preferred Stock Warrants	94	80
		Preferred Stock	250	250
Total Neonova Holding Company			9,268	9,254

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Peerless Network, Inc. (0.37%) ⁽⁵⁾	Communications & Networking	Senior Debt Matures June 2011 Interest rate Prime + 3.25%	\$ 1,500	1,428	1,428
		Preferred Stock Warrants		95	75
Peerless Network, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Peerless Network, Inc.				2,523	2,503
Ping Identity Corporation (0.21%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures June 2009 Interest rate 11.50%	\$ 851	842	842
		Preferred Stock Warrants		51	2
Total Ping Identity Corporation				893	844
Purcell Systems, Inc. (2.47%)	Communications & Networking	Senior Debt Matures June 2010 Interest rate Prime + 3.50%	\$ 1,807	1,739	1,739
		Revolving Line of Credit Matures July 2009 Interest rate Prime + 2.75%	\$ 6,000	6,000	6,000
		Senior Debt Matures July 2011 Interest rate Prime + 3.50%	\$ 1,600	1,600	1,600
		Preferred Stock Warrants		123	613
Total Purcell Systems, Inc.				9,462	9,952
Rivulet Communications, Inc. (0.57%) ⁽⁵⁾	Communications & Networking	Senior Debt Matures April 2010 Interest rate 10.50%	\$ 2,324	2,301	2,301
		Preferred Stock Warrants		51	
Rivulet Communications, Inc. (0.00%)		Preferred Stock		250	4
Total Rivulet Communications, Inc.				2,602	2,305
Seven Networks, Inc. (2.57%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2010 Interest rate Prime + 6.00%	\$ 6,941	6,859	6,859
		Revolving Line of Credit Matures September 2009 Interest rate Prime + 5.00%	\$ 3,000	3,000	3,000
		Preferred Stock Warrants		174	500
Total Seven Networks, Inc.				10,033	10,359
Simpler Networks Corp. (0.98%) ⁽⁸⁾	Communications & Networking	Senior Debt Matures July 2010 Interest rate 18.25%	\$ 4,646	4,615	3,966
		Preferred Stock Warrants		160	
Simpler Networks Corp. (0.00%)		Preferred Stock		500	

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Total Simpler Networks Corp.

See notes to consolidated financial statements (unaudited)

5,275

3,966

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Stoke, Inc. (0.77%)	Communications & Networking	Senior Debt Matures August 2010 Interest rate 10.55%	\$ 3,028	2,995	2,995
		Preferred Stock Warrants		53	116
Total Stoke, Inc.				3,048	3,111
Tectura Corporation (6.32%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2012 Interest rate LIBOR + 6.90%	\$ 7,753	7,852	7,852
		Revolving Line of Credit Matures April 2009 Interest rate LIBOR + 6.35%	\$ 12,000	12,000	12,000
		Revolving Line of Credit Matures March 2009 Interest rate LIBOR + 7.50%	\$ 5,507	5,507	5,507
		Preferred Stock Warrants		51	90
Total Tectura Corporation				25,410	25,449
Teleflip, Inc. (0.16%)	Communications & Networking	Senior Debt Matures June 2010 Interest rate Prime + 2.75%	\$ 906	907	651
		Preferred Stock Warrants		11	
Total Teleflip, Inc.				918	651
Wireless Channels, Inc. (3.01%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2010 Interest rate Prime + 4.25%	\$ 11,156	11,461	11,461
		Preferred Stock Warrants		155	641
Total Wireless Channels, Inc.				11,616	12,102
Zayo Bandwidth, Inc. (6.21%)	Communications & Networking	Senior Debt Matures November 2013 Interest rate Libor + 5.25%	\$ 25,000	25,000	25,000
Total Zayo Bandwidth, Inc.				25,000	25,000
Total Communications & Networking (32.75%)				132,146	131,914
Atrenta, Inc. (2.30%) ⁽⁵⁾	Software	Senior Debt Matures January 2010 Interest rate 11.50%	\$ 2,961	2,898	2,898
		Revolving Line of Credit Matures October 2009 Interest rate Prime + 2.00%	\$ 6,000	6,000	6,000
		Preferred Stock Warrants		102	242
		Preferred Stock Warrants		34	79

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		Preferred Stock Warrants		71	56
Atrenta, Inc. (0.06%)		Preferred Stock		250	240
Total Atrenta, Inc.				9,355	9,515
Blurb, Inc. (1.67%)	Software	Senior Debt			
		Matures December 2009			
		Interest rate 9.55%	\$ 1,720	1,709	1,709
		Senior Debt			
		Matures June 2011			
		Interest rate Prime + 3.50%	\$ 5,000	5,000	5,000
		Preferred Stock Warrants		25	33
Total Blurb, Inc.				6,734	6,742
	See notes to consolidated financial statements (unaudited)				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Braxton Technologies, LLC. (2.5%) ⁽⁵⁾	Software	Senior Debt Matures July 2012 Interest rate Libor + 7.25%	\$ 10,000	9,863	9,863
		Preferred Stock Warrants		188	202
Total Braxton Technologies, LLC.				10,051	10,065
Bullhorn, Inc. (0.28%)	Software	Senior Debt Matures November 2010 Interest rate Prime + 3.75%	\$ 877	851	851
		Preferred Stock Warrants		43	261
Total Bullhorn, Inc.				894	1,112
Cittio, Inc. (0.22%)	Software	Senior Debt Matures May 2010 Interest rate 11.00%	\$ 849	832	832
		Preferred Stock Warrants		53	59
Total Cittio, Inc.				885	891
Clickfox, Inc. (0.62%)	Software	Senior Debt Matures September 2011 Interest rate 10.25%	\$ 2,500	2,337	2,337
		Preferred Stock Warrants		163	161
Total Clickfox, Inc.				2,500	2,498
Forescout Technologies, Inc. (0.46%) ⁽⁴⁾	Software	Senior Debt Matures August 2009 Interest rate 11.15%	\$ 1,191	1,169	1,169
		Revolving Line of Credit Matures February 2009 Interest rate Prime + 2.25%	\$ 500	500	500
		Preferred Stock Warrants		99	162
Total Forescout Technologies, Inc.				1,768	1,831
GameLogic, Inc. (0.59%) ⁽⁴⁾	Software	Senior Debt Matures September 2010 Interest rate Prime + 4.125%	\$ 2,461	2,369	2,369
		Preferred Stock Warrants		93	
Total GameLogic, Inc.				2,462	2,369
Gomez, Inc. (0.13%) ⁽⁴⁾	Software	Preferred Stock Warrants		35	526
Total Gomez, Inc.				35	526
HighJump Acquisition, LLC. (2.98%) ⁽⁴⁾	Software	Senior Debt Matures May 2013 Interest rate Prime + 7.50%	\$ 12,000	12,000	12,000

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Total HighJump Acquisition, LLC.				12,000	12,000
HighRoads, Inc. (0.01%)(4)	Software	Preferred Stock Warrants		44	57
Total HighRoads, Inc.				44	57
Infologix, Inc. (5.21%)(4)	Software	Senior Debt			
		Matures April 2012			
		Interest rate Prime + 4.50%	\$ 12,000	12,000	12,000
		Revolving Line of Credit			
		Matures August 2009			
		Interest rate Prime + 2.50%	\$ 9,000	9,000	9,000
Total Infologix, Inc.				21,000	21,000
	See notes to consolidated financial statements (unaudited)				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Intelliden, Inc. (0.43%)	Software	Senior Debt Matures February 2010 Interest rate 13.20%	\$ 1,652	1,645	1,645
		Preferred Stock Warrants		18	72
Total Intelliden, Inc.				1,663	1,717
Oatsystems, Inc. (0.00%) ⁽⁴⁾	Software	Preferred Stock Warrants		67	
Total Oatsystems, Inc.				67	
Proficiency, Inc. (0.37%) ⁽⁶⁾⁽⁷⁾	Software	Senior Debt Matures August 2012 Interest rate 8.00%	\$ 1,500	1,497	1,497
		Preferred Stock Warrants		97	
Proficiency, Inc. (0.19%)		Preferred Stock		2,750	750
Total Proficiency, Inc.				4,344	2,247
PSS Systems, Inc. (0.72%) ⁽⁴⁾	Software	Senior Debt Matures March 2010 Interest rate 10.74%	\$ 2,837	2,813	2,813
		Preferred Stock Warrants		51	93
Total PSS Systems, Inc.				2,864	2,906
Rockyou, Inc. (0.74%) ⁽⁴⁾	Software	Senior Debt Matures May 2011 Interest rate Prime + 2.50%	\$ 3,000	2,883	2,883
		Preferred Stock Warrants		117	99
Total Rockyou, Inc.				3,000	2,982
Savvion, Inc. (1.43%) ⁽⁴⁾	Software	Senior Debt Matures April 2009 Interest rate Prime + 3.45%	\$ 574	574	574
		Revolving Line of Credit Matures March 2009 Interest rate Prime + 4.45%	\$ 2,078	2,078	2,078
		Revolving Line of Credit Matures March 2009 Interest rate Prime + 3.00%	\$ 2,907	2,855	2,855
		Preferred Stock Warrants		52	264
Total Savvion, Inc.				5,559	5,771
Sportvision, Inc. (0.02%)	Software	Preferred Stock Warrants		39	86
Total Sportvision, Inc.				39	86
WildTangent, Inc. (0.53%)	Software	Senior Debt Matures March 2011 Interest rate 9.65%	\$ 2,000	1,845	1,845

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Preferred Stock Warrants 238 282

Total WildTangent, Inc. 2,083 2,127

Total Software (21.46%) 87,347 86,442

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Luminus Devices, Inc. (3.07%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures November 2010 Interest rate 12.875%	\$ 7,861	11,474	11,474
		Preferred Stock Warrants		183	273
		Preferred Stock Warrants		84	142
		Preferred Stock Warrants		334	481
Total Luminus Devices, Inc.				12,075	12,370
Maxvision Holding, LLC. (2.7%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures October 2012 Interest rate Prime + 5.50%	\$ 5,000	5,089	5,089
		Senior Debt Matures April 2012 Interest rate Prime + 2.25%	\$ 5,292	5,292	5,292
		Revolving Line of Credit Matures April 2012 Interest rate Prime +2.25%	\$ 472	502	502
Maxvision Holding, LLC. (0.02%) ⁽⁴⁾		Preferred Stock		81	82
Total Maxvision Holding, LLC				10,964	10,965
NetEffect, Inc. (0.62%)	Electronics & Computer Hardware	Senior Debt Matures May 2010 Interest rate 16.95%	\$ 2,552	2,515	2,515
		Preferred Stock Warrants		47	
Total NetEffect, Inc.				2,562	2,515
Shocking Technologies, Inc. (1.01%)	Electronics & Computer Hardware	Senior Debt Matures December 2010 Interest rate 9.75%	\$ 4,000	3,959	3,959
		Preferred Stock Warrants		63	89
Total Shocking Technologies, Inc.				4,022	4,048
SiCortex, Inc. (2.08%)	Electronics & Computer Hardware	Senior Debt Matures December 2010 Interest rate 10.95%	\$ 8,179	8,077	8,077
		Preferred Stock Warrants		164	293
Total SiCortex, Inc.				8,241	8,370
Spatial Photonics, Inc. (0.97%) ⁽⁴⁾	Electronics & Computer Hardware	Senior Debt Matures April 2011 Interest rate 10.066%	\$ 3,410	3,326	3,326
		Senior Debt Mature April 2011 Interest rate 9.217%	\$ 341	341	341

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		Preferred Stock Warrants		130	237
Spatial Photonics, Inc. (0.12%)		Preferred Stock		500	500
Total Spatial Photonics Inc.				4,297	4,404
VeriWave, Inc. (0.96%)	Electronics & Computer Hardware	Senior Debt Matures May 2010			
		Interest rate 10.75%	\$ 2,960	2,932	2,932
		Revolving Line of Credit Matures September 30			
		Interest rate Prime +1.00%	\$ 922	922	922
		Preferred Stock Warrants		55	5
Total VeriWave, Inc.				3,909	3,859
ViDeOnline Communications, Inc. (0.07%) ⁽⁴⁾	Electronics & Computer Hardware	Preferred Stock Warrants		298	287
Total ViDeOnline Communications, Inc.				298	287
Total Electronics & Computer Hardware (11.62%)				46,368	46,818

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Aegerion Pharmaceuticals, Inc. (1.96%) ⁽⁵⁾	Specialty Pharmaceuticals	Senior Debt Matures August 2011 Interest rate 8.00%	\$ 7,525	7,525	7,525
		Convertible Senior Debt Matures December 2009 Interest rate Prime + 2.50%	\$ 76	76	76
		Preferred Stock Warrants		70	307
Aegerion Pharmaceuticals, Inc. (0.25%) ⁽⁴⁾		Preferred Stock		1,000	1,000
Total Aegerion Pharmaceuticals, Inc.				8,671	8,908
Panacos Pharmaceuticals, Inc. (4.55%) ⁽⁴⁾	Specialty Pharmaceuticals	Senior Debt Matures January 2011 Interest rate 11.20%	\$ 18,839	18,296	18,296
		Common Stock Warrants		876	23
Panacos Pharmaceuticals, Inc. (0.02%)		Common Stock		410	62
Total Panacos Pharmaceuticals, Inc.				19,582	18,381
Quatrx Pharmaceuticals Company (4.99%) ⁽⁴⁾	Specialty Pharmaceuticals	Senior Debt Matures October 2011 Interest rate Prime + 4.85%	\$ 20,000	19,728	19,728
		Preferred Stock Warrants		220	149
		Preferred Stock Warrants		307	219
Quatrx Pharmaceuticals Company (0.19%)		Preferred Stock		750	750
Total Quatrx Pharmaceuticals Company				21,005	20,846
Total Specialty Pharmaceuticals (11.96%)				49,258	48,135
Annie s, Inc. (1.52%)	Consumer & Business Products	Senior Debt - Second Lien Matures April 2011 Interest rate LIBOR + 6.20%	\$ 6,000	5,768	5,768
		Preferred Stock Warrants		321	335
Total Annie s, Inc.				6,089	6,103
BabyUniverse, Inc. (0.01%) ⁽⁴⁾	Consumer & Business Products	Common Stock		267	37
Total BabyUniverse, Inc.				267	37
IPA Holdings, LLC. (4.16%) ⁽⁴⁾	Consumer & Business Products	Senior Debt Matures November 2012 Interest rate Prime + 3.50%	\$ 10,000	10,000	10,000
		Senior Debt Matures May 2013	\$ 6,500	6,549	6,549

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	Interest rate Prime + 6.00%			
	Revolving Line of Credit			
	Matures November 2012			
IPA Holding, LLC.(0.12%)	Interest rate Prime + 2.50%	\$ 200	200	200
	Preferred Stock		500	500
Total IPA Holding, LLC.			17,249	17,249
Market Force Information, Inc. (0.01%)(4)				

Consumer & Business

	Products	Preferred Stock Warrants	24	52
Market Force Information, Inc. (0.07%)		Preferred Stock	500	298
Total Market Force Information, Inc.			524	350

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
OnTech Operations, Inc. (1.76%)	Consumer & Business Products	Senior Debt Matures June 2011 Interest rate Prime + 6.375%	\$ 6,000	5,426	5,426
		Revolving Line of Credit Matures June 2009 Interest rate Prime +5.625%	\$ 806	806	806
		Preferred Stock Warrants		452	556
OnTech Operations, Inc. (0.25%)		Preferred Stock Warrants		218	314
		Preferred Stock		1,000	1,000
Total OnTech Operations, Inc.				7,902	8,102
Wageworks, Inc. (0.25%) ⁽⁴⁾	Consumer & Business Products	Preferred Stock Warrants		252	1,018
Wageworks, Inc. (0.07%)		Preferred Stock		250	265
Total Wageworks, Inc.				502	1,283
Total Consumer & Business Products (8.22%)				32,533	33,124
Custom One Design, Inc. (0.22%)	Semiconductors	Senior Debt Matures September 2010 Interest rate 11.50%	\$ 874	862	862
		Common Stock Warrants		18	5
Total Custom One Design, Inc.				880	867
Enpirion, Inc. (1.87%)	Semiconductors	Senior Debt Matures August 2011 Interest rate Prime + 4.00%	\$ 7,500	7,372	7,372
		Preferred Stock Warrants		157	161
Total Enpirion, Inc.				7,529	7,533
iWatt Inc. (1.07%) ⁽⁴⁾	Semiconductors	Senior Debt Matures September 2009 Interest rate Prime + 2.75%	\$ 859	857	857
		Senior Debt Matures September 2009 Interest rate 11.00%	\$ 1,762	1,762	1,762
		Revolving Line of Credit Matures December 2008 Interest rate Prime + 2.00%	\$ 1,000	1,000	1,000
		Preferred Stock Warrants		47	103
		Preferred Stock Warrants		51	56
		Preferred Stock Warrants		73	69
		Preferred Stock Warrants		458	458
iWatt Inc. (0.24%)		Preferred Stock		490	949

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Total iWatt Inc.				4,738	5,254
NEXX Systems, Inc. (2.06%) ⁽⁴⁾	Semiconductors	Senior Debt			
		Matures February 2010			
		Interest rate Prime + 3.50	\$ 3,146	3,067	3,067
		Revolving Line of Credit			
		Matures December 2009			
		Interest rate Prime + 3.00%	\$ 2,546	2,546	2,546
		Revolving Line of Credit			
		Matures December 2009			
		Interest rate Prime + 5.00%	\$ 2,454	2,454	2,454
		Preferred Stock Warrants		165	232
Total NEXX Systems, Inc.				8,232	8,299
	See notes to consolidated financial statements (unaudited)				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Quartics, Inc. (0.93%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.05%	\$ 252	220	220
		Senior Debt Matures August 2010 Interest rate 8.80%	\$ 3,513	3,513	3,513
		Preferred Stock Warrants		53	5
Total Quartics, Inc.				3,786	3,738
Solarflare Communications, Inc. (0.17%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.75%	\$ 526	475	475
		Preferred Stock Warrants		83	224
Solarflare Communications, Inc. (0.16%)		Preferred Stock		641	641
Total Solarflare Communications, Inc.				1,199	1,340
Total Semiconductors (6.72%)				26,364	27,031
Labopharm USA, Inc. (3.77%) ⁽⁴⁾⁽⁶⁾	Drug Delivery	Senior Debt Matures December 2011 Interest rate 10.95%	\$ 15,000	14,670	14,670
		Common Stock Warrants		458	507
Total Labopharm USA, Inc.				15,128	15,177
Transcept Pharmaceuticals, Inc. (1.13%) ⁽⁵⁾	Drug Delivery	Senior Debt Matures October 2009 Interest rate 10.69%	\$ 4,301	4,274	4,274
		Preferred Stock Warrants		36	116
		Preferred Stock Warrants		51	168
Transcept Pharmaceuticals, Inc. (0.12%)		Preferred Stock		500	465
Total Transcept Pharmaceuticals, Inc.				4,861	5,023
Total Drug Delivery (5.02%)				19,989	20,200
BARRX Medical, Inc.(0.82%) ⁽⁴⁾	Therapeutic	Senior Debt Mature December 2011 Interest rate 11.00%	\$ 3,333	3,270	3,270
		Preferred Stock Warrants		63	49
BARRX Medical, Inc. (0.37%)		Preferred Stock		1,500	1,500
Total BARRX Medical, Inc.				4,833	4,819
EKOS Corporation (1.33%)	Therapeutic	Senior Debt Matures November 2010 Interest rate Prime + 2.00%	\$ 5,000	4,806	4,806

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		Preferred Stock Warrants		175	347
		Preferred Stock Warrants		152	188
Total EKOS Corporation				5,133	5,341
Gelesis, Inc. (0.37%)	Therapeutic	Senior Debt Matures May 2012 Interest rate Prime + 5.65%	\$ 1,500	1,474	1,474
		Preferred Stock Warrants		25	33
Total Gelesis, Inc.				1,499	1,507
Gynesonics, Inc. (0.03%)(4)	Therapeutic	Preferred Stock Warrants		18	105
Gynesonics, Inc. (0.08%)		Preferred Stock		250	322
Total Gynesonics, Inc.				268	427
Light Science Oncology, Inc. (0.03%)	Therapeutic	Preferred Stock Warrants		99	124
Total Light Science Oncology, Inc.				99	124
	See notes to consolidated financial statements (unaudited)				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Novasys Medical, Inc. (1.12%) ⁽⁴⁾	Therapeutic	Senior Debt Matures January 2010 Interest rate 9.70%	\$ 4,640	4,351	4,351
		Preferred Stock Warrants		71	114
		Preferred Stock Warrants			54
Novasys Medical, Inc. (0.14%)		Preferred Stock		556	556
Total Novasys Medical, Inc.				5,032	5,061
Power Medical Interventions, Inc. (0.00%)	Therapeutic	Common Stock Warrants		21	14
Total Power Medical Interventions, Inc.				21	14
Total Therapeutic (4.29%)				16,885	17,293
Cozi Group, Inc. (0.03%)	Internet Consumer & Business Services	Preferred Stock Warrants		148	122
Cozi Group, Inc. (0.06%)		Preferred Stock		177	251
Total Cozi Group, Inc.				325	373
Invoke Solutions, Inc. (0.35%) ⁽⁴⁾	Internet Consumer & Business Services	Senior Debt Matures November 2009 Interest rate Prime + 3.75%	\$ 1,298	1,296	1,296
		Preferred Stock Warrants		56	80
		Preferred Stock Warrants			26
Total Invoke Solutions, Inc.				1,378	1,402
Prism Education Group Inc. (0.44%)	Internet Consumer & Business Services	Senior Debt Matures December 2010 Interest rate 11.25%	\$ 1,682	1,656	1,656
		Preferred Stock Warrants			42
Total Prism Education Group Inc.				1,698	1,758
RazorGator Interactive Group, Inc. (1.55%) ⁽⁵⁾	Internet Consumer & Business Services	Revolving Line of Credit Matures January 2009 Interest rate Prime + 1.80%	\$ 3,000	3,000	3,000
		Preferred Stock Warrants		14	2,886
		Preferred Stock Warrants			28
RazorGator Interactive Group, Inc. (1.19%)		Preferred Stock		1,000	4,791
Total RazorGator Interactive Group, Inc.				4,042	11,029
Serious USA, Inc. (0.35%)	Internet Consumer & Business Services	Senior Debt Matures February 2011 Interest rate Prime + 3.00%	\$ 2,308	2,247	748
		Revolving Line of Credit Interest rate Prime + 2.00%	\$ 654	654	654

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	Preferred Stock Warrants	94	0
<hr/>			
Total Serious USA, Inc.		2,995	1,402
Spa Chakra, Inc. (1.24%)	Internet Consumer & Business Services	Senior Debt Matures June 2010 Interest rate 14.45%%	
		\$ 5,000	5,000
<hr/>			
Total Spa Chakra, Inc.		5,000	5,000
<hr/>			
Total Internet Consumer & Business Services (5.21%)		15,438	20,964

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS**

September 30, 2008

(unaudited)

(dollars in thousands)

Portfolio Company	Industry	Type of Investment ⁽¹⁾	Principal Amount	Cost ⁽²⁾	Value ⁽³⁾
Lilliputian Systems, Inc. (1.28%) ⁽⁴⁾	Energy	Senior Debt Matures March 2010 Interest rate 9.75%	\$ 5,068	5,051	5,051
		Preferred Stock Warrants		49	86
Total Lilliputian Systems, Inc.				5,100	5,137
Total Energy (1.28%)				5,100	5,137
Active Response Group, Inc. (2.34%) ⁽⁴⁾	Information Services	Senior Debt Matures March 2012 Interest rate LIBOR + 6.55%	\$ 9,309	9,215	9,215
		Preferred Stock Warrants		92	115
		Common Stock Warrants		46	84
Total Active Response Group, Inc.				9,353	9,414
Box.net, Inc. (0.08%)	Information Services	Senior Debt Matures June 2011 Interest rate Prime + 1.50%	\$ 322	262	262
		Preferred Stock Warrants		73	59
Total Box.net, Inc.				335	321
Buzznet, Inc. (0.00%)	Information Services	Preferred Stock Warrants		9	14
Buzznet, Inc. (0.06%)		Preferred Stock		250	250
Total Buzznet, Inc.				259	264
hi5 Networkss, Inc. (2.34%)	Information Services	Senior Debt Matures December 2010 Interest rate Prime + 2.5%	\$ 3,000	3,000	3,000
		Senior Debt Matures June 2011 Interest rate Prime + 0.5%	\$ 6,155	6,155	6,155
		Preferred Stock Warrants		212	285
Total hi5 Networks, Inc.				9,367	9,440
Jab Wireless, Inc. (3.56%) ⁽⁴⁾	Information Services	Senior Debt Matures January 2012 Interest rate 10.75%	\$ 2,715	2,715	2,715
		Senior Debt Matures January 2012 Interest rate 10.00%	\$ 1,793	1,793	1,793
		Senior Debt Matures January 2012 Interest rate 9.50%	\$ 2,824	2,824	2,824
		Senior Debt Matures January 2012	\$ 6,700	6,700	6,700

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		Interest rate 8.50%			
		Preferred Stock Warrants		264	323
Total Jab Wireless, Inc.				14,296	14,355
Solutionary, Inc. (1.78%)(4)	Information Services	Senior Debt			
		Matures June 2010			
		Interest rate LIBOR + 5.50%	\$ 5,305	5,416	5,416
		Revolving Line of Credit			
		Matures June 2010			
		Interest rate LIBOR + 5.00%	\$ 1,500	1,540	1,540
		Preferred Stock Warrants		94	209
		Preferred Stock Warrants		2	6
Solutionary, Inc. (0.06%)		Preferred Stock		250	250
Total Solutionary, Inc.				7,302	7,421
	See notes to consolidated financial statements (unaudited)				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
The Generation Networks, Inc. (1.47%) ⁽⁴⁾	Information Services	Senior Debt Matures March 2012 Interest rate Prime + 4.50%	\$ 6,185	6,012	5,904
The Generation Networks, Inc. (0.13%)		Preferred Stock		500	500
Total The Generation Networks, Inc.				6,512	6,404
Wallop Technologies, Inc. (0.04%)	Information Services	Senior Debt Matures March 2010 Interest rate 10.00%	\$ 157	153	153
		Preferred Stock Warrants		8	
Total Wallop Technologies, Inc.				161	153
Zeta Interactive Corporation (3.62%) ⁽⁴⁾	Information Services	Senior Debt Matures November 2011 Interest rate Prime +2.00%	\$ 6,530	6,385	6,385
		Senior Debt Matures November 2011 Interest rate Prime +3.00%	\$ 8,000	8,000	8,000
		Preferred Stock Warrants		172	208
Zeta Interactive Corporation (0.13%)		Preferred Stock		500	500
Total Zeta Interactive Corporation				15,057	15,093
Total Information Services (15.61%)				62,642	62,865
Novadaq Technologies, Inc. (0.12%)	Diagnostic	Common Stock		1,626	477
Total Novadaq Technologies, Inc.				1,626	477
Optiscan Biomedical, Corp. (2.41%) ⁽⁴⁾	Diagnostic	Senior Debt Matures June 2011 Interest rate 10.25%	\$ 10,000	9,437	9,437
		Preferred Stock Warrants		760	250
Optiscan Biomedical, Corp. (0.74%)		Preferred Stock		3,000	3,000
Total Optiscan Biomedical, Corp.				13,197	12,687
Total Diagnostic (3.27%)				14,823	13,164
Guava Technologies, Inc. (1.08%) ⁽⁴⁾	Biotechnology Tools	Senior Debt Matures July 2009 Interest rate Prime + 3.25%	\$ 2,219	2,182	2,182
		Convertible Debt		250	250
		Revolving Line of Credit Matures December 2007 Interest rate Prime + 2.00%	\$ 1,875	1,575	1,575

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		Preferred Stock Warrants		105	278
		Preferred Stock Warrants		68	44
Total Guava Technologies, Inc.				4,180	4,329
Kamada, LTD. (3.69%)(6)	Biotechnology Tools	Senior Debt Matures November 2011 Interest rate 10.60%	\$ 15,000	14,575	14,575
		Common Stock Warrants		531	286
Total Kamada, LTD.				15,106	14,861
NuGEN Technologies, Inc. (0.77%)	Biotechnology Tools	Senior Debt Matures November 2010 Interest rate Prime + 3.45%	\$ 1,706	1,683	1,683
		Senior Debt Matures November 2010 Interest rate Prime + 1.70%	\$ 1,000	1,000	1,000
		Preferred Stock Warrants		45	360
		Preferred Stock Warrants		33	43
NuGEN Technologies, Inc. (0.12%)		Preferred Stock		500	500
Total NuGEN Technologies, Inc.				3,261	3,586
Total Biotechnology Tools (5.66%)				22,547	22,776

See notes to consolidated financial statements (unaudited)

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****September 30, 2008****(unaudited)****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Crux Biomedical, Inc. (0.34%)	Surgical Devices	Senior Debt Matures October 2010 Interest rate Prime + 1.75%	\$ 1,395	1,376	1,376
Crux Biomedical, Inc. (0.06%)		Preferred Stock Warrants		37	
		Preferred Stock		250	250
Total Crux Biomedical, Inc.				1,663	1,626
Transmedics, Inc. (1.49%) ⁽⁵⁾	Surgical Devices	Senior Debt Matures December 2011 Interest rate Prime + 5.25%	\$ 6,000	5,884	5,884
		Preferred Stock Warrants		139	122
Total Transmedics, Inc.				6,023	6,006
Total Surgical Devices (1.89%)				7,686	7,632
Glam Media, Inc. (1.55%)	Media/Content/Info	Revolving Line of Credit Matures April 2009 Interest rate Prime + 1.25%	\$ 5,935	5,681	5,681
		Preferred Stock Warrants		482	552
Total Glam Media, Inc.				6,163	6,233
Waterfront Media Inc. (2.2%) ⁽⁵⁾	Media/Content/Info	Senior Debt Matures December 2010 Interest rate Prime + 3.00%	\$ 2,984	2,956	2,956
		Revolving Line of Credit Matures October 2009 Interest rate Prime + 1.25%	\$ 5,000	5,000	5,000
		Preferred Stock Warrants		61	903
Waterfront Media Inc. (0.45%)		Preferred Stock		1,000	1,828
Total Waterfront Media Inc.				9,017	10,687
Total Media/Content/Info (4.2%)				15,180	16,920
Total Investments (158.12%)				\$ 628,019	\$ 636,747

* Value as a percent of net assets

(1) Preferred and common stock, warrants, and equity interests are generally non-income producing. Certain floating rate loans may also have interest rate floors.

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- (2) Gross unrealized appreciation, gross unrealized depreciation, and net appreciation for federal income tax purposes totaled \$17,275, \$12,659 and \$4,616, respectively. The tax cost of investments is \$632,130.
- (3) Except for warrants in seven publicly traded companies and common stock in three publicly traded companies, all investments are restricted at September 30, 2008 and were valued at fair value as determined in good faith by the Board of Directors. No unrestricted securities of the same issuer are outstanding. The Company uses the Standard Industrial Code for classifying the industry grouping of its portfolio companies.
- (4) Debt and warrant investments of this portfolio company have been pledged as collateral under the Credit Facility. Citigroup has an equity participation right on loans collateralized under the Credit Facility. The value of their participation right on unrealized gains in the related equity investments was approximately \$896,000 at September 30, 2008 and is included in accrued liabilities and reduces the unrealized gain recognized by the Company at September 30, 2008.
- (5) Debt investments of this portfolio company have been pledged as collateral under the Wells Facility.
- (6) Non-U.S. company or the company's principal place of business is outside the United States.
- (7) Affiliate investment that is defined under the Investment Company Act of 1940 as companies in which HTGC owns at least 5% but not more than 25% of the voting securities of the company. All other investments are less than 5% owned.
- (8) Debt is on non-accrual status at September 30, 2008, and is therefore considered non-income producing.

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Accelaron Pharmaceuticals, Inc. (0.94%)* ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2009 Interest rate 10.25%	\$ 3,237	\$ 3,184	\$ 3,184
		Preferred Stock Warrants		69	472
		Preferred Stock Warrants		35	109
Accelaron Pharmaceuticals, Inc. (0.45%)		Preferred Stock		1,243	1,804
Total Accelaron Pharmaceuticals, Inc.				4,531	5,569
Aveo Pharmaceuticals, Inc. (3.06%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures September 2009 Interest rate 10.75%	\$ 12,078	11,984	11,984
		Preferred Stock Warrants		144	204
		Preferred Stock Warrants		46	74
Total Aveo Pharmaceuticals, Inc.				12,174	12,262
Elixir Pharmaceuticals, Inc. (3.58%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2010 Interest rate Prime + 2.45%	\$ 13,997	13,836	13,836
		Preferred Stock Warrants		217	511
Total Elixir Pharmaceuticals, Inc.				14,053	14,347
EpiCept Corporation (1.77%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures August 2009 Interest rate 11.70%	\$ 7,307	6,878	6,878
		Common Stock Warrants		423	214
Total EpiCept Corporation				7,301	7,092
Horizon Therapeutics, Inc. (0.30%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures April 2011 Interest rate 8.75%	\$ 12,000	1,022	1,022
		Preferred Stock Warrants		179	179
Total Horizon Therapeutics, Inc.				1,201	1,201
Inotek Pharmaceuticals Corp. (0.37%)	Drug Discovery	Preferred Stock		1,500	1,500
Total Inotek Pharmaceuticals Corp.				1,500	1,500
Memory Pharmaceuticals Corp. (3.48%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures February 2011 Interest rate 11.45%	\$ 15,000	13,608	13,608
		Common Stock Warrants		1,751	341
Total Memory Pharmaceuticals Corp.				15,359	13,949
Merrimack Pharmaceuticals, Inc. (0.37%) ⁽⁴⁾	Drug Discovery	Convertible Senior Debt Matures October 2008 Interest rate 11.15%	\$ 1,024	994	994
		Preferred Stock Warrants		155	502
Merrimack Pharmaceuticals, Inc. (0.70%)		Preferred Stock		2,000	2,787

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Total Merrimack Pharmaceuticals, Inc.				3,149	4,283
Neosil, Inc. (1.53%)	Drug Discovery	Senior Debt			
		Matures May 2010			
		Interest rate 10.75%	\$ 6,000	5,936	5,936
		Preferred Stock Warrants		82	177
Total Neosil, Inc.				6,018	6,113
	See notes to consolidated financial statements (unaudited).				

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Paratek Pharmaceuticals, Inc. (0.64%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures June 2008 Interest rate 11.10%	\$ 2,587	2,568	2,568
Paratek Pharmaceuticals, Inc. (0.14%)		Preferred Stock Warrants		137	
		Preferred Stock		550	550
Total Paratek Pharmaceuticals, Inc.				3,255	3,118
Portola Pharmaceuticals, Inc. (3.80%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures September 2010 Interest rate Prime + 1.75%	\$ 15,000	14,894	14,894
		Preferred Stock Warrants		152	350
Total Portola Pharmaceuticals, Inc.				15,046	15,244
Sirtris Pharmaceuticals, Inc. (2.46%) ⁽⁴⁾	Drug Discovery	Senior Debt Matures April 2011 Interest rate 10.60%	\$ 9,079	9,022	9,022
		Common Stock Warrants		89	818
Sirtris Pharmaceuticals, Inc. (0.19%)		Common Stock		500	776
Total Sirtris Pharmaceuticals, Inc.				9,611	10,616
Total Drug Discovery (23.78%)				93,198	95,294
E-band Communications, Inc. (0.50%) ⁽⁶⁾	Communications & Networking	Preferred Stock		2,000	2,000
Total E-Band Communications, Inc.				2,000	2,000
IKANO Communications, Inc. (5.09%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures March 2011 Interest rate 11.00%	\$ 19,983	19,983	19,983
		Preferred Stock Warrants		45	163
		Preferred Stock Warrants		72	256
Total IKANO Communications, Inc.				20,100	20,402
Ping Identity Corporation (0.40%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures June 2009 Interest rate 11.50%	\$ 1,630	1,608	1,608
		Preferred Stock Warrants		52	11
Total Ping Identity Corporation				1,660	1,619
Purcell Systems, Inc. (2.33%)	Communications & Networking	Senior Debt Matures June 2009 Interest rate Prime + 3.50%	\$ 2,224	3,126	3,126
		Revolving Line of Credit Matures June 2008 Interest rate Prime + 2.00%	\$ 7,000	6,000	6,000
		Preferred Stock Warrants		122	198

Total Purcell Systems, Inc.

9,248

9,324

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Rivulet Communications, Inc. (0.83%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures September 2009 Interest rate 10.60%	\$ 3,500	3,272	3,272
		Preferred Stock Warrants		50	63
Rivulet Communications, Inc. (0.06%)		Preferred Stock		250	250
Total Rivulet Communications, Inc.				3,572	3,585
Seven Networks, Inc. (2.89%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures April 2010 Interest rate Prime + 3.75%	\$ 9,419	9,291	9,291
		Revolving Line of Credit Matures April 2008 Interest rate Prime + 3.00%	\$ 2,000	2,000	2,000
		Preferred Stock Warrants		174	295
Total Seven Networks, Inc.				11,465	11,586
Simpler Networks Corp. (1.01%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures July 2009 Interest rate 11.75%	\$ 4,112	4,046	4,046
		Preferred Stock Warrants		160	
Simpler Networks Corp. (0.00%)		Preferred Stock		500	
Total Simpler Networks Corp.				4,706	4,046
Stoke, Inc. (0.57%)	Communications & Networking	Senior Debt Matures August 2010 Interest rate 10.55%	\$ 2,250	2,204	2,204
		Preferred Stock Warrants		53	79
Total Stoke, Inc.				2,257	2,283
Tectura Corporation (5.26%) ⁽⁴⁾	Communications & Networking	Senior Debt Matures March 2012 Interest rate LIBOR + 6.15%	\$ 9,051	9,007	9,007
		Revolving Line of Credit Matures March 2008 Interest rate LIBOR + 5.15%	\$ 12,000	12,000	12,000
		Preferred Stock Warrants		52	83
Total Tectura Corporation				21,059	21,090
Teleflip, Inc. (0.25%)	Communications & Networking	Senior Debt Matures May 2010 Interest rate Prime + 2.75%	\$ 1,000	992	992
		Preferred Stock Warrants		10	9
Total Teleflip, Inc.				1,002	1,001
Wireless Channels, Inc. (3.02%)	Communications & Networking	Senior Debt -Second Lien Matures April 2010 Interest rate 9.25%	\$ 11,949	1,719	1,719
		Senior Debt -Second Lien Matures April 2010	\$ 10,118	10,118	10,118

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Interest rate Prime + 4.25%

Preferred Stock Warrants 155 241

Total Wireless Channels, Inc.

See notes to consolidated financial statements (unaudited).

11,992 12,078

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Zayo Bandwith, Inc. (6.24%) ⁽⁴⁾	Communications & Networking	Senior Debt -Second Lien Matures April 2013 Interest rate Prime + 3.50%	\$ 25,000	25,000	25,000
Total Zayo Bandwith, Inc.				25,000	25,000
Total Communications & Networking (28.45%)				114,061	114,014
Atrenta, Inc. (0.98%) ⁽⁴⁾	Software	Senior Debt Matures June 2009 Interest rate 11.50%	\$ 3,680	3,638	3,638
		Preferred Stock Warrants		102	220
		Preferred Stock Warrants		34	73
Atrenta, Inc. (0.06%)		Preferred Stock		250	250
Total Atrenta, Inc.				4,024	4,181
Blurb, Inc. (0.63%)	Software	Senior Debt Matures December 2009 Interest rate 9.55%	\$ 2,500	2,482	2,482
		Preferred Stock Warrants		25	44
Total Blurb, Inc.				2,507	2,526
Bullhorn, Inc. (0.25%) ⁽⁴⁾	Software	Senior Debt Matures March 2010 Interest rate Prime + 3.75%	\$ 1,000	959	959
		Preferred Stock Warrants		43	41
Total Bullhorn, Inc.				1,002	1,000
Cittio, Inc. (0.25%)	Software	Senior Debt Matures April 2010 Interest rate 11.00%	\$ 1,000	1,000	1,000
Total Cittio, Inc.				1,000	1,000
Compete, Inc. (0.63%) ⁽⁴⁾	Software	Senior Debt Matures March 2009 Interest rate Prime + 3.50%	\$ 2,409	2,384	2,384
		Preferred Stock Warrants		62	136
Total Compete, Inc.				2,446	2,520
Forescout Technologies, Inc. (0.64%) ⁽⁴⁾	Software	Senior Debt Matures August 2009 Interest rate 11.15%	\$ 1,998	1,970	1,970
		Revolving Line of Credit Matures August 2007 Interest rate Prime + 1.49%	\$ 500	500	500
		Preferred Stock Warrants		58	76

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Total Forescout Technologies, Inc.				2,528	2,546
GameLogic, Inc. (0.74%) ⁽⁴⁾	Software	Senior Debt			
		Matures December 2009			
		Interest rate Prime + 4.125%	\$ 3,000	2,887	2,887
		Preferred Stock Warrants		93	91
Total GameLogic, Inc.				2,980	2,978

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Gomez, Inc. (0.15%) ⁽⁴⁾	Software	Senior Debt Matures December 2007 Interest rate 12.25%	\$ 98	98	98
		Preferred Stock Warrants		35	513
Total Gomez, Inc.				133	611
HighRoads, Inc. (0.01%) ⁽⁴⁾	Software	Preferred Stock Warrants		44	58
Total HighRoads, Inc.				44	58
Intelliden, Inc. (0.60%)	Software	Senior Debt Matures February 2010 Interest rate 13.20%	\$ 2,360	2,349	2,349
		Preferred Stock Warrants		18	60
Total Intelliden, Inc.				2,367	2,409
Oatsystems, Inc. (1.08%) ⁽⁴⁾	Software	Senior Debt Matures September 2009 Interest rate 11.00%	\$ 4,374	4,336	4,336
		Preferred Stock Warrants		67	4
Total Oatsystems, Inc.				4,403	4,340
Proficiency, Inc. (0.38%) ⁽⁴⁾⁽⁶⁾	Software	Senior Debt Matures July 2008 Interest rate 12.00%	\$ 1,500	1,497	1,497
		Preferred Stock Warrants		96	
Proficiency, Inc. (0.19%)		Preferred Stock		2,750	750
Total Proficiency, Inc.				4,343	2,247
PSS Systems, Inc. (0.89%) ⁽⁴⁾	Software	Senior Debt Matures March 2010 Interest rate 10.74%	\$ 3,500	3,463	3,463
		Preferred Stock Warrants		51	86
Total PSS Systems, Inc.				3,514	3,549
Savvion, Inc. (1.62%) ⁽⁴⁾	Software	Senior Debt Matures March 2009 Interest rate Prime + 3.45%	\$ 1,268	1,268	1,268
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 2.00%	\$ 3,000	3,000	3,000
		Revolving Line of Credit Matures March 2008 Interest rate Prime + 3.45%	\$ 1,985	1,985	1,985
		Preferred Stock Warrants		52	243
Total Savvion, Inc.				6,305	6,496
Sportvision, Inc. (0.01%)	Software	Preferred Stock Warrants		39	50

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
Talisma Corp. (0.11%) ⁽⁴⁾	Software	Preferred Stock Warrants		49	448
Total Talisma Corp.				49	448
WildTangent, Inc. (0.50%) ⁽⁴⁾	Software	Senior Debt Matures March 2011 Interest rate 9.65%	\$ 2,000	1,766	1,766
		Preferred Stock Warrants		238	238
Total WildTangent, Inc.				2,004	2,004
Total Software (9.72%)				39,688	38,963
Agami Systems, Inc. (1.30%) ⁽⁴⁾	Electronics & Computer	Senior Debt Matures August 2009 Interest rate 11.00%			
	Hardware		\$ 5,103	5,056	5,056
		Preferred Stock Warrants		85	137
Total Agami Systems, Inc.				5,141	5,193
Luminus Devices, Inc. (2.95%) ⁽⁴⁾	Electronics & Computer	Senior Debt Matures August 2009 Interest rate 12.50%			
	Hardware		\$ 15,115	11,318	11,318
		Preferred Stock Warrants		183	113
		Preferred Stock Warrants		84	61
		Preferred Stock Warrants		334	334
Total Luminus Devices, Inc.				11,919	11,826
Maxvision Holding, LLC. (2.87%) ⁽⁴⁾	Electronics & Computer	Senior Debt Matures May 2012 Interest rate Prime + 5.50%			
	Hardware		\$ 5,012	5,012	5,012
		Senior Debt Matures May 2012 Interest rate Prime + 2.25%	\$ 5,500	5,000	5,000
		Revolving Line of Credit Matures September 2012 Interest rate Prime +2.25%	\$ 972	1,472	1,472
Total Maxvision Holding, LLC				11,484	11,484
NetEffect, Inc. (0.61%)	Electronics & Computer	Senior Debt Matures May 2010 Interest rate 11.95%	\$ 2,431	2,396	2,396

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	Hardware	Preferred Stock Warrants	44	50
Total NetEffect, Inc.			2,440	2,446
Shocking Technologies, Inc. (0.02%)	Electronics &	Preferred Stock Warrants		
	Computer			
	Hardware		63	63
Total Shocking Technologies, Inc.			63	63

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
SiCortex, Inc. (2.52%)	Electronics &				
	Computer	Senior Debt Matures December 2010			
	Hardware	Interest rate 10.95%	\$ 10,000	9,861	9,861
		Preferred Stock Warrants		164	230
Total SiCortex, Inc.				10,025	10,091
Spatial Photonics, Inc. (0.93%) ⁽⁴⁾	Electronics &				
	Computer	Senior Debt Matures May 2011			
	Hardware	Interest rate 10.75%	\$ 3,751	3,623	3,623
		Preferred Stock Warrants		130	126
Spatial Photonics, Inc. (0.12%)		Preferred Stock		500	500
Total Spatial Photonics Inc.				4,253	4,249
VeriWave, Inc. (1.35%)	Electronics &				
	Computer	Senior Debt Matures May 2010			
	Hardware	Interest rate 10.75%	\$ 4,250	5,340	5,340
		Preferred Stock Warrants		54	85
Total VeriWave, Inc.				5,394	5,425
ViDeOnline Communications, Inc. (0.04%) ⁽⁴⁾	Electronics &				
	Computer				
	Hardware	Preferred Stock Warrants		298	176
Total ViDeOnline Communications, Inc.				298	176
Total Electronics & Computer Hardware (12.71%)				51,017	50,953
Aegerion Pharmaceuticals, Inc. (2.48%) ⁽⁴⁾	Specialty	Senior Debt Matures August 2010			
	Pharmaceuticals	Interest rate Prime + 2.50%	\$ 9,735	9,682	9,682
		Preferred Stock Warrants		70	243
Aegerion Pharmaceuticals, Inc. (0.25%)		Preferred Stock		1,000	1,000
Total Aegerion Pharmaceuticals, Inc.				10,752	10,925
Panacos Pharmaceuticals, Inc. (4.84%) ⁽⁴⁾	Specialty	Senior Debt Matures January 2011	\$ 20,000	19,270	19,270

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	Pharmaceuticals	Interest rate 11.20%			
Panacos Pharmaceuticals, Inc. (0.04%)		Common Stock Warrants		876	137
		Common Stock		410	157
Total Panacos Pharmaceuticals, Inc.				20,556	19,564
Quatrx Pharmaceuticals Company (3.60%)(4)	Specialty	Senior Debt			
		Matures January 2010			
	Pharmaceuticals	Interest rate Prime + 3.00%	\$ 14,324	14,214	14,214
		Preferred Stock			
Quatrx Pharmaceuticals Company (0.19%)		Warrants		220	193
		Preferred Stock		750	750
Total Quatrx Pharmaceuticals Company				15,184	15,157
Total Specialty Pharmaceuticals (11.40%)				46,492	45,646

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
BabyUniverse, Inc. (0.05%) ⁽⁴⁾	Consumer & Business Products	Common Stock		267	219
Total BabyUniverse, Inc.				267	219
Market Force Information, Inc. (0.34%) ⁽⁴⁾	Consumer & Business Products	Senior Debt Matures May 2009 Interest rate 10.45%	\$ 1,294	1,284	1,284
Market Force Information, Inc. (0.12%)		Preferred Stock Warrants		23	92
Market Force Information, Inc. (0.12%)		Preferred Stock		500	500
Total Market Force Information, Inc.				1,807	1,876
Wageworks, Inc. (0.12%) ⁽⁴⁾	Consumer & Business Products	Preferred Stock Warrants		252	513
Wageworks, Inc. (0.05%)		Preferred Stock		250	209
Total Wageworks, Inc.				502	722
Total Consumer & Business Products (0.70%)				2,576	2,817
Ageia Technologies, Inc. (1.25%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2008 Interest rate 10.25%	\$ 5,047	4,904	4,904
		Convertible Debt		124	124
		Preferred Stock Warrants		99	
Ageia Technologies, Inc. (0.00%)		Preferred Stock		500	
Total Ageia Technologies				5,627	5,028
Custom One Design, Inc. (0.26%)	Semiconductors	Senior Debt Matures September 2010 Interest rate 11.50%	\$ 1,000	984	984
		Common Stock Warrants		18	43
Total Custom One Design, Inc.				1,002	1,027
iWatt Inc. (1.19%) ⁽⁴⁾	Semiconductors	Senior Debt Matures September 2009 Interest rate Prime + 2.75%	\$ 1,457	1,382	1,382

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	Revolving Line of Credit			
	Matures September 2007			
	Interest rate Prime + 1.75%	\$ 3,235	3,235	3,235
	Preferred Stock Warrants		46	101
	Preferred Stock Warrants		51	51
Total iWatt Inc.			4,714	4,769

See notes to consolidated financial statements (unaudited).

Table of Contents**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)****December 31, 2007****(dollars in thousands)**

Portfolio Company	Industry	Type of Investment⁽¹⁾	Principal Amount	Cost⁽²⁾	Value⁽³⁾
NEXX Systems, Inc. (3.26%) ⁽⁴⁾	Semiconductors	Senior Debt Matures February 2010 Interest rate Prime + 2.75%	\$ 4,557	4,438	4,438
		Revolving Line of Credit Matures December 2009 Interest rate Prime + 1.75%	\$ 5,000	5,000	5,000
		Revolving Line of Credit Matures December 2009 Interest rate Prime + 3.75%	\$ 3,000	3,000	3,000
		Preferred Stock Warrants		165	623
Total NEXX Systems, Inc.				12,603	13,061
Quartics, Inc. (0.09%) ⁽⁴⁾	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.05%	\$ 300	254	254
		Preferred Stock Warrants		53	115
Total Quartics, Inc.				307	369
Solarflare Communications, Inc. (0.19%)	Semiconductors	Senior Debt Matures August 2010 Interest rate 11.75%	\$ 625	553	553
		Preferred Stock Warrants		84	194
Solarflare Communications, Inc. (0.12%)		Preferred Stock		500	500
Total Solarflare Communications, Inc.				1,137	1,247
Total Semiconductors (6.36%)				25,390	25,501
Labopharm USA, Inc. (3.74%) ⁽⁴⁾⁽⁵⁾	Drug Delivery	Senior Debt Matures July 2008 Interest rate 11.95%	\$ 15,000	14,547	14,547
		Preferred Stock Warrants		459	454
Total Labopharm USA, Inc.				15,006	15,001
Transcept Pharmaceuticals, Inc. (1.80%) ⁽⁴⁾	Drug Delivery	Senior Debt Matures October 2009 Interest rate 10.69%	\$ 6,993	6,944	6,944
		Preferred Stock Warrants		36	107
		Preferred Stock Warrants		50	173
Transcept Pharmaceuticals, Inc. (0.13%)		Preferred Stock		500	500
Total Transcept Pharmaceuticals, Inc.				7,530	7,724
Total Drug Delivery (5.67%)				22,536	22,725
BARRX Medical, Inc. (0.19%)	Therapeutic	Preferred Stock		1,500	758

Total BARRX Medical, Inc.

See notes to consolidated financial statements (unaudited).

1,500

758

Table of Contents

**HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS - (Continued)**

December 31, 2007

(dollars in thousands)

Portfolio Company

Industry