

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

**Hercules Capital, Inc.**

CIK: [1280784](#) | IRS No.: [743113410](#) | State of Incorp.: **MD** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: [814-00702](#) | Film No.: **201287538**

Mailing Address  
400 HAMILTON AVE  
SUITE 310  
PALO ALTO CA 94301

Business Address  
400 HAMILTON AVE  
SUITE 310  
PALO ALTO CA 94301  
650-289-3060

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

FORM 8-K  
CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

November 4, 2020

**Hercules Capital, Inc.**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction  
of incorporation)

**814-00702**  
(Commission File No.)

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

400 Hamilton Ave., Suite 310  
Palo Alto, CA

(Address of principal executive offices)

94301

(Zip Code)

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

Not Applicable

(Former name or address, if  
changed since last report)

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

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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	HTGC	New York Stock Exchange
5.25% Notes due 2025	HXCZ	New York Stock Exchange
6.25% Notes due 2033	HXXY	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



### **Item 1.01. Entry into a Material Definitive Agreement.**

On November 2, 2020, Hercules Capital, Inc. (the “Company”) and certain qualified institutional investors entered into the First Supplement (the “Supplement”) to the Note Purchase Agreement dated as of February 5, 2020 (the “Note Purchase Agreement”). The Supplement provides for the issuance of \$100,000,000 in aggregate principal amount of senior unsecured notes, consisting of \$50,000,000 in aggregate principal amount of notes with a fixed interest rate of 4.50% per year (the “4.50% Notes”) and \$50,000,000 in aggregate principal amount of notes with a fixed interest rate of 4.55% per year (the “4.55% Notes” and, together with the 4.50% Notes, the “Notes”). The Notes will mature on March 4, 2026 unless redeemed, purchased, or prepaid prior to such date by the Company or its affiliates in accordance with their terms.

Interest on the Notes will be due semiannually. In addition, the Company is obligated to offer to repay the Notes at par if an externalization or certain change in control events occur. The Notes are general unsecured obligations of the Company that rank *pari passu* with all outstanding and future unsecured unsubordinated indebtedness issued by the Company.

The Company intends to use the net proceeds from this offering (i) to pay down existing credit facilities, (ii) to fund investments in debt and equity securities in accordance with its investment objective, and (iii) for other general corporate purposes.

The Note Purchase Agreement, as modified by the Supplement, contains customary terms and conditions for senior unsecured notes issued in a private placement, including, without limitation, affirmative and negative covenants such as information reporting, maintenance of the Company’s status as a business development company within the meaning of the Investment Company Act of 1940, as amended, minimum shareholders’ equity, maximum debt to equity ratio and minimum unencumbered asset coverage ratio. The Note Purchase Agreement, as modified by the Supplement, also contains customary events of default with customary cure and notice periods, including, without limitation, nonpayment, incorrect representation in any material respect, breach of covenant, cross-default under other indebtedness of the Company or subsidiary guarantors, certain judgements and orders, and certain events of bankruptcy.

The Notes were offered in reliance on Section 4(a)(2) of Securities Act of 1933, as amended (the “Securities Act”). The Notes have not and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, as applicable.

**The information on this Current Report on Form 8-K shall not constitute an offer to sell or a solicitation of an offer to purchase the Notes or any other securities.**

The description above is only a summary of the material provisions of the Note Purchase Agreement and the Supplement and is qualified in its entirety by reference to the copies of the Note Purchase Agreement and the Supplement, which are filed as Exhibits 10.1 and 10.2, respectively, to this current report on Form 8-K and are incorporated herein by reference thereto.

### **Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Form 8-K is incorporated herein by reference.

### **Item 8.01. Other Events.**

The Company issued a press release on November 4, 2020 to announce the signing of the Supplement, a copy of which is attached hereto as Exhibit 99.1.

## Forward-Looking Statements

This Current Report on Form 8-K, including the press release attached hereto as Exhibit 99.1, may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. The information disclosed herein is made as of the date hereof. There is no assurance that the offering of the 4.55% Notes will close in March 2021 or at all. Actual events, including the issuance of the 4.55% Notes and the use of proceeds from the offering of the Notes, may differ from those described herein. These forward-looking statements are not guarantees of future events and are subject to uncertainties and other factors that could cause actual results to differ materially from those expressed in the forward-looking statements including, without limitation, the risks, uncertainties, including the uncertainties surrounding the current market volatility, and other factors the Company identifies from time to time in its filings with the SEC. Although the Company believes that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. You should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this release are made as of the date hereof, and the Company assumes no obligation to update the forward-looking statements for subsequent events.

### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 [Note Purchase Agreement, dated as of February 5, 2020, by and among Hercules Capital, Inc. and the Purchasers party thereto.\\*](#)
- 10.2 [First Supplement to the Note Purchase Agreement, dated as of November 2, 2020, by and among Hercules Capital, Inc. and the Additional Purchasers party thereto.](#)
- 99.1 [Press Release, dated November 4, 2020.](#)

\* Previously filed as Exhibit 10.1 to the Current Report on Form 8-K of the Company, filed on February 6, 2020.

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## SIGNATURES

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

November 4, 2020

HERCULES CAPITAL, INC.

By: /s/ Melanie Grace

Melanie Grace  
General Counsel

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HERCULES CAPITAL, INC.

FIRST SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of November 2, 2020

Re: \$50,000,000 4.50% Series 2020B Senior Notes, Tranche A,  
Due March 4, 2026  
\$50,000,000 4.55% Series 2020B Senior Notes, Tranche B,  
Due March 4, 2026

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**HERCULES CAPITAL, INC.**

Dated as of  
November 2, 2020

To the Additional Purchaser(s) named in  
Schedule A hereto

Ladies and Gentlemen:

This First Supplement to Note Purchase Agreement (the or this **“Supplement”**) is between Hercules Capital, Inc., a Maryland corporation (the **“Company”**), and the institutional investors named on Schedule A attached hereto (the **“Additional Purchasers”**).

Reference is hereby made to that certain Note Purchase Agreement dated February 5, 2020 (the **“Note Purchase Agreement”**) among the Company and the Purchasers listed on the Purchaser Schedule thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Purchase Agreement. Reference is further made to Section 4.14 of the Note Purchase Agreement which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company hereby agrees with the Additional Purchaser(s) as follows:

1. The Company has authorized the issue and sale of (a) \$50,000,000 aggregate principal amount of its 4.50% Series 2020B Senior Notes, Tranche A, due March 4, 2026 (the **“Tranche A Notes”**) and (b) \$50,000,000 aggregate principal amount of its 4.55% Series 2020B Senior Notes, Tranche B, due March 4, 2026 (the **“Tranche B Notes”**); collectively with the Tranche A Notes, as amended, restated or otherwise modified from time to time pursuant to Section 17 of the Note Purchase Agreement and including any such notes issued in substitution therefor pursuant to Section 13 of the Note Purchase Agreement, the **“Series 2020B Notes”**). The Series 2020B Notes, together with the Series 2020 Notes issued pursuant to the Note Purchase Agreement and each series of Additional Notes which may from time to time hereafter be issued pursuant to the provisions of Section 2.2 of the Note Purchase Agreement, are collectively referred to as the **“Notes”** (such term shall also include any such notes issued in substitution therefor pursuant to Section 13 of the Note Purchase Agreement). The Series 2020B Notes shall be substantially in the form set out in Exhibit 1 and 2 hereto, as applicable, with such changes therefrom, if any, as may be approved by the Additional Purchaser(s) and the Company.

2. Subject to the terms and conditions hereof and as set forth in the Note Purchase Agreement and on the basis of the representations and warranties hereinafter set forth, the Company agrees to issue and sell to each Additional Purchaser, and each Additional Purchaser agrees to purchase from the Company, Series 2020B Notes in the principal amount set forth opposite such Additional Purchaser’s name on Schedule A hereto at a price of 100% of the principal amount thereof on the closing date hereinafter mentioned.



3. The execution and delivery of this Supplement shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, on November 2, 2020 (the “**Execution Date**”). The sale and purchase of the Series 2020B Notes to be purchased by each Additional Purchaser shall occur at the offices of Chapman and Cutler LLP, 111 West Monroe Street, Chicago, Illinois 60603, at 8:00 a.m. Chicago time, at not more than two closings (individually a “**Series 2020B Closing**” and, collectively, the “**Series 2020B Closings**”)

(a) The first Series 2020B Closing, at which the Tranche A Notes are, subject to section 4 hereof and Section 4 of the Note Purchase Agreement, to be purchased, shall be held on November 4, 2020 or on such other Business Day thereafter on or prior to November 6, 2020 as may be agreed upon by the Company and the Additional Purchasers purchasing such Series 2020B Notes at such Series 2020B Closing (the “**First Series 2020B Closing**”).

(b) The second Series 2020B Closing, at which the Tranche B Notes are, subject to section 4 hereof and Section 4 of the Note Purchase Agreement, to be purchased, shall be held on March 4, 2021 or on such other Business Day thereafter on or prior to March 5, 2021 as may be agreed upon by the Company and the Additional Purchasers purchasing such Series 2020B Notes at such Series 2020B Closing (the “**Second Series 2020B Closing**”).

At each Series 2020B Closing, the Company will deliver to each Additional Purchaser the Series 2020B Notes to be purchased by such Additional Purchaser in the form of a single Series 2020B Note (or such greater number of Series 2020B Notes in denominations of at least \$100,000 as such Additional Purchaser may request) dated the date of such Series 2020B Closing and registered in such Additional Purchaser’s name (or in the name of such Additional Purchaser’s nominee), against delivery by such Additional Purchaser to the Company or its order of immediately available funds for the account of the Company pursuant to the applicable funding instructions delivered in accordance with Section 4.10 of the Note Purchase Agreement. If, at a Series 2020B Closing, the Company shall fail to tender such Series 2020B Notes to any Additional Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Additional Purchaser’s satisfaction, such Additional Purchaser shall, at such Additional Purchaser’s election, be relieved of all further obligations under this Agreement, without thereby waiving any rights such Additional Purchaser may have by reason of such failure by the Company to tender such Series 2020B Notes or any of the conditions specified in Section 4 not having been fulfilled to such Additional Purchaser’s satisfaction.

4. The obligation of each Additional Purchaser to purchase and pay for the Series 2020B Notes to be sold to such Additional Purchaser at a Series 2020B Closing is subject to the fulfillment to such Additional Purchaser’s satisfaction, prior to such Series 2020B Closing, of the conditions set forth in Section 4 of the Note Purchase Agreement with respect to the Series 2020B Notes to be purchased at such Series 2020B Closing as if each reference to “Notes,” “Closing” and “Purchaser” set forth therein was modified to refer the “Series 2020B Notes,” the “Series 2020B Closing” and the “Additional Purchaser” (each as defined in this Supplement) and to the following additional conditions:

(a) Except as supplemented, amended or superceded by the representations and warranties set forth in Exhibit A hereto, each of the representations and warranties of the Company set forth in Section 5 of the Note Purchase Agreement shall be correct as of the date of such Series 2020B Closing (except for representations and warranties which apply to a specific earlier date which shall be true as of such earlier date or as of the date specified in Exhibit A to the extent such provision is superceded in Exhibit A) and the Company shall have delivered to each Additional Purchaser an Officer’s Certificate, dated the date of such Series 2020B Closing certifying that such condition has been fulfilled.

(b) Contemporaneously with such Series 2020B Closing, the Company shall sell to each Additional Purchaser, and each Additional Purchaser shall purchase, the Series 2020B Notes to be purchased by such Additional Purchaser at such Series 2020B Closing as specified in Schedule A.

5. The terms of Section 8 of the Note Purchase Agreement shall apply to the Series 2020B Notes except that

“Prepayment Settlement Amount” shall mean,

(a) with respect to any Tranche A Note, an amount equal to the “Prepayment Settlement Amount”, as follows:

<u>Prepaid or accelerated during the period</u>	<u>Prepayment Settlement Amount</u>
On or before November 4, 2023	Make-Whole Amount
After November 4, 2023 but on or before November 4, 2024	an amount equal to 2.0% of the principal amount of the Series 2020B Notes or portion thereof to be prepaid or accelerated
After November 4, 2024 but on or before May 4, 2025	an amount equal to 1.0% of the principal amount of the Series 2020B Notes or portion thereof to be prepaid or accelerated

After May 4, 2025, the Prepayment Settlement Amount with respect to the Series 2020B Notes shall be zero.

(b) with respect to any Tranche B Note, an amount equal to the “Prepayment Settlement Amount”, as follows:

<u>Prepaid or accelerated during the period</u>	<u>Prepayment Settlement Amount</u>
On or before March 4, 2024	Make-Whole Amount
After March 4, 2024 but on or before March 4, 2025	an amount equal to 2.0% of the principal amount of the Series 2020B Notes or portion thereof to be prepaid or accelerated
After March 4, 2025 but on or before September 4, 2025	an amount equal to 1.0% of the principal amount of the Series 2020B Notes or portion thereof to be prepaid or accelerated

After September 4, 2025, the Prepayment Settlement Amount with respect to the Series 2020B Notes shall be zero.

For the avoidance of doubt, the definition of “**Make-Whole Amount**” set forth in Section 8.6 of the Note Purchase Agreement shall be applicable to any Series 2020B Note.

6. In addition to the covenants and agreements set forth in the Note Purchase Agreement, the Company covenants and agrees, which covenants and agreements shall have the benefit of Section 11(c)(ii) of the Note Purchase Agreement, for the benefit of the Additional Purchasers and each other holder of a Note that the following is hereby added to the Note Purchase Agreement as Section 22.8:

**Section 22.8. Externalization.** (a) *Notice of Externalization.* The Company will, within fifteen Business Days after the occurrence of an Externalization, give written notice of such Externalization to each holder of Notes. Such notice shall contain and constitute an offer to prepay Notes as described in subparagraph (b) of this Section 22.8 and shall be accompanied by the certificate described in subparagraph (e) of this Section 22.8.

(b) *Offer to Prepay Notes.* The offer to prepay Notes contemplated by subparagraph (a) of this Section 22.8 shall be an offer to prepay, in accordance with and subject to this Section 22.8, all, but not less than all, the Notes held by each holder (in this case only, “holder” in respect of any Note registered in the name of a nominee for a disclosed beneficial owner shall mean such beneficial owner) on a date specified in such offer (the “**Section 22.8 Proposed Prepayment Date**”). Such date shall be not less than 30 days and not more than 60 days after the date of such offer (if the Section 22.8 Proposed Prepayment Date shall not be specified in such offer, the Section 22.8 Proposed Prepayment Date shall be the first Business Day after the 45th day after the date of such offer).

(c) *Acceptance/Rejection.* A holder of Notes may accept the offer to prepay made pursuant to this Section 22.8 by causing a notice of such acceptance to be delivered to the Company not later than 15 Business Days after receipt by such holder of the most recent offer of prepayment. A failure by a holder of Notes to respond to an offer to prepay made pursuant to this Section 22.8 shall be deemed to constitute rejection of such offer by such holder.

(d) *Prepayment.* Prepayment of the Notes to be prepaid pursuant to this Section 22.8 shall be at 100% of the principal amount of such Notes, together with interest on such Notes accrued to, but excluding, the date of prepayment, but without Make-Whole Amount, Prepayment Settlement Amount or other premium.

(e) *Officer's Certificate.* Each offer to prepay the Notes pursuant to this Section 22.8 shall be accompanied by a certificate, executed by a Senior Financial Officer of the Company and dated the date of such offer, specifying: (i) the Section 22.8 Proposed Prepayment Date; (ii) that such offer is made pursuant to this Section 22.8; (iii) the principal amount of each Note offered to be prepaid; (iv) the interest that would be due on each Note offered to be prepaid, accrued to, but excluding, the Section 22.8 Proposed Prepayment Date; (v) that the conditions of this Section 22.8 have been fulfilled; and (vi) the date of the Externalization.

For the purposes of this Section 22.8, an “**Externalization**” means the date on which the shareholders of the Company duly and validly approve a change in the management structure of the Company from an internally managed business development company to an externally managed business development company by approving the Company entering into an investment advisory agreement with a third-party external adviser.

For the avoidance of doubt, the provisions of this Section 22.8 are applicable to the Series 2020 Notes, the Series 2020B Notes and any Additional Notes sold by the Company.

7. In addition to the covenants and agreements set forth in the Note Purchase Agreement, the Company covenants and agrees for the benefit of the Additional Purchasers and each other holder of a Note, that the definition of “Unencumbered Assets” shall be amended to read as follows:

“**Unencumbered Assets**” means (a) the value of total assets of the Company that are not secured by a Lien (other than Liens not prohibited by Section 10.5 (except for Liens securing Indebtedness for borrowed money incurred directly by the Company as the borrower or guarantor (other than a customary bad-boy or limited guaranty of Indebtedness of a Financing Subsidiary) and permitted by Section 10.5(dd)) and, notwithstanding the foregoing, in the event a Lien exists, in connection with Indebtedness incurred by such Finance Subsidiary, on the Equity Interest of such Financing Subsidiary (as a result of a guaranty, accommodation pledge or otherwise), such Equity Interest shall be deemed an asset for purposes of this clause (a) with the value of such Equity Interest being equal to the value of the assets owned by such Subsidiary less the principal amount of Indebtedness for borrowed money of such Subsidiary), including, without duplication, the value of any Equity Interests owned by the Company, directly or indirectly, in a consolidated subsidiary, less (b) all unsecured liabilities and unsecured indebtedness not represented by Senior Securities of the Company

8. In addition to the covenants and agreements set forth in the Note Purchase Agreement, the Company covenants and agrees, for the benefit of the Additional Purchasers and each other holder of a Note, that Section 17.1(a)(2)(iii) of the Note Purchase Agreement shall be amended to read as follows:

(iii) amend any of Sections 8 (except as set forth in the second sentence of Section 8.2 (or such corresponding provision of any Supplement) and Section 17.1(a)(3)), 11(a), 11(b), 12, 17, 20 or 22.8; and

9. In addition to the covenants and agreements set forth in the Note Purchase Agreement, the Company covenants and agrees, for the benefit of the Additional Purchasers and each other holder of a Note, that the following definitions are hereby added to the Schedule A of Note Purchase Agreement:

“**NRSRO**” means a Nationally Recognized Statistical Rating Organization so designated by the SEC whose ratings for senior unsecured indebtedness of business development companies are authorized for use with, and recognized by, the SVO, other than Egan Jones.

“**Egan Jones**” means Egan Jones Rating Company or if applicable, its successor.

10. Each Additional Purchaser represents and warrants that the representations and warranties set forth in Section 6 of the Note Purchase Agreement are true and correct on the date of the applicable Series 2020B Closing with respect to the purchase of the Series 2020B Notes by such Additional Purchaser as if each reference to “Notes,” “Closing” and “Purchaser” set forth therein was modified to refer the “Series 2020B Notes,” the “Series 2020B Closing” and the “Additional Purchaser” and each reference to “this Agreement” therein was modified to refer to the Note Purchase Agreement as supplemented by this Supplement.

11. The Company and each Additional Purchaser agree to be bound by and comply with the terms and provisions of the Note Purchase Agreement as fully and completely as if such Additional Purchaser were an original signatory to the Note Purchase Agreement.

The execution hereof shall constitute a contract between the Company and the Additional Purchaser(s) for the uses and purposes hereinabove set forth, and this agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

HERCULES CAPITAL, INC.

By: /s/ Seth H. Meyer

Name: Seth H. Meyer

Title: Chief Financial Officer

TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA,  
a New York domiciled life insurance company

By: Nuveen Alternatives Advisors LLC, a Delaware limited  
liability company, its investment manager

By: /s/ Ho Young Lee

Name: Ho Young Lee

Title: Managing Director

PACIFIC LIFE INSURANCE COMPANY

By: Nuveen Alternatives Advisors LLC, a Delaware limited  
liability company, its investment manager

By: /s/ Ho Young Lee

Name: Ho Young Lee

Title: Managing Director

AMERICAN REPUBLIC INSURANCE COMPANY

BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.

CATHOLIC UNITED FINANCIAL

CINCINNATI EQUITABLE LIFE INSURANCE COMPANY

FARM BUREAU LIFE INSURANCE COMPANY OF MICHIGAN

MINNESOTA LIFE INSURANCE COMPANY

NEW ERA LIFE INSURANCE COMPANY

THE CINCINNATI INSURANCE COMPANY

TRUSTMARK INSURANCE COMPANY

UNITY FINANCIAL LIFE INSURANCE COMPANY

WESTERN FRATERNAL LIFE ASSOCIATION

By: Securian Asset Management, Inc.

By: /s/ Robin J. Lenarz

Name: Robin J. Lenarz

Title: Vice President

EQUITRUST LIFE INSURANCE COMPANY

By: /s/ Kenyatta K. Matheny

Name: Kenyatta K. Matheny

Title: Chief Investment Officer

ARCH REINSURANCE LTD.

By: /s/ Roderick Romeo

Name: Roderick Romeo

Title: Chief Financial Officer

GUARANTY INCOME LIFE INSURANCE COMPANY

By: /s/ Erik Braun

Name: Erik Braun

Title: Officer

LINCOLN BENEFIT LIFE COMPANY

By: /s/ Erik Braun

Name: Erik Braun

Title: Chief Financial Officer

THRIVENT FINANCIAL FOR LUTHERANS

By: /s/ Allen Stoltman

Name: Allen Stoltman

Title: Managing Director

ELECTRIC INSURANCE COMPANY

By: Conning, Inc., as Investment Manager

By: /s/ John Petchler

Name: John Petchler

Title: Director



PENN NATIONAL SECURITY INSURANCE COMPANY  
By: Conning, Inc., as Investment Manager

By: /s/ John Petchler \_\_\_\_\_

Name: John Petchler

Title: Director

PENNSYLVANIA NATIONAL MUTUAL CASUALTY INSURANCE  
COMPANY

By: Conning, Inc., as Investment Manager

By: /s/ John Petchler \_\_\_\_\_

Name: John Petchler

Title: Director

RLI INSURANCE COMPANY

By: Conning, Inc., as Investment Manager

By: /s/ John Petchler \_\_\_\_\_

Name: John Petchler

Title: Director

TRITON INSURANCE COMPANY

By: Conning, Inc., as Investment Manager

By: /s/ John Petchler \_\_\_\_\_

Name: John Petchler

Title: Director

PRIMERICA LIFE INSURANCE COMPANY

By: Conning, Inc., as Investment Manager

By: /s/ John Petchler \_\_\_\_\_

Name: John Petchler

Title: Director

THE GUARDIAN LIFE INSURANCE COMPANY OF AMERICA

By: /s/ Trinh Nguyen

Name: Trinh Nguyen

Title: Managing Director

THE OHIO NATIONAL LIFE INSURANCE COMPANY

By: /s/ Brenda Kalb

Name: Brenda Kalb  
Title: Vice President

OHIO LIFE ASSURANCE COMPANY

By: /s/ Brenda Kalb

Name: Brenda Kalb  
Title: Vice President

FEDERATED MUTUAL INSURANCE COMPANY

By: /s/ Tiffany Haney

Name: Tiffany Haney  
Title: Associate Portfolio Manager

THE JOHN W. JORDAN II REVOCABLE TRUST

By: /s/ John W. Jordan II

Name: John W. Jordan II  
Title: Trustee

TJT (B) (BERMUDA) INVESTMENT COMPANY, LTD.

By: /s/ John W. Jordan II

Name: John W. Jordan II  
Title: President

## SUPPLEMENTAL REPRESENTATIONS

The Company represents and warrants to each Additional Purchaser that except as hereinafter set forth in this Exhibit A, each of the representations and warranties set forth in Section 5 of the Note Purchase Agreement (other than representations and warranties that apply solely to a specific earlier date which shall be true as of such earlier date and other than the Section references hereinafter set forth) is true and correct in all material respects as of the date of the applicable Series 2020 Closing with respect to the Series 2020B Notes with the same force and effect as if each reference to “the Notes” set forth therein was modified to refer to the “Series 2020B Notes” and each reference to “this Agreement” therein was modified to refer to the Note Purchase Agreement as supplemented by the First Supplement. The Section references hereinafter set forth correspond to the similar sections of the Note Purchase Agreement which are supplemented hereby:

**Section 5.3. Disclosure.** (a) The Company, through its agent, Goldman Sachs, has delivered to each Additional Purchaser a copy of an Investor Presentation, dated October 2020 (the “**Memorandum**”), relating to the transactions contemplated hereby in connection with the Series 2020B Notes. The Memorandum fairly describes, in all material respects, the general nature of the business and principal properties of the Company and its Subsidiaries. This Agreement, the Memorandum, the financial statements listed in Schedule 5.5 and the documents, certificates or other writings delivered to the Additional Purchasers by or on behalf of the Company (other than financial projections, pro forma financial information and other forward-looking information referenced in Section 5.3(b), information relating to third parties and general economic information) prior to October 21, 2020 in connection with the transactions contemplated hereby and identified in Schedule 5.3 (this Agreement, the Memorandum and such documents, certificates or other writings and such financial statements delivered to each Additional Purchaser being referred to, collectively, as the “**Disclosure Documents**”), taken as a whole, do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. Except as disclosed in the Disclosure Documents, since December 31, 2019, there has been no change in the financial condition, operations, business or properties of the Company or any Subsidiary except changes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. There is no fact known to the Company that would reasonably be expected to have a Material Adverse Effect that has not been set forth herein or in the Disclosure Documents.

(b) All financial projections, pro forma financial information and other forward-looking information which has been delivered to each Additional Purchaser by or on behalf of the Company in connection with the transactions contemplated by this Agreement are based upon good faith assumptions and, in the case of financial projections and pro forma financial information, good faith estimates, in each case, believed to be reasonable at the time made, it being recognized that (i) such financial information as it relates to future events is subject to significant uncertainty and contingencies (many of which are beyond the control of the Company) and are therefore not to be viewed as fact, and (ii) actual results during the period or periods covered by such financial information may materially differ from the results set forth therein.

EXHIBIT A  
(to Supplement)

**Section 5.4. Organization and Ownership of Shares of Subsidiaries; Affiliates.** (a) Schedule 5.4 contains (except as noted therein) complete and correct lists as of the date of the applicable Series 2020B Closing of (i) the Company's Subsidiaries, showing, as to each Subsidiary, the name thereof, the jurisdiction of its organization, the percentage of shares of each class of its capital stock or similar equity interests outstanding owned by the Company and each other Subsidiary and whether such Subsidiary is a Subsidiary Guarantor, and (ii) the Company's directors and senior officers.

**Section 5.5. Financial Statements; Material Liabilities.** The Company has delivered to each Additional Purchaser copies of the financial statements of the Company and its Subsidiaries listed on Schedule 5.5. All of such financial statements (including in each case the related schedules and notes, but excluding all financial projections, pro forma financial information and other forward-looking information) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates specified in such Schedule and the consolidated results of their operations and cash flows for the respective periods so specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments and lack of footnotes).

**Section 5.13. Private Offering by the Company.** Neither the Company nor anyone acting on its behalf has offered the Notes or any substantially similar debt Securities for sale to, or solicited any offer to buy the Notes or any substantially similar debt Securities from, or otherwise approached or negotiated in respect thereof with, any Person other than the Additional Purchasers and not more than 35 other Institutional Investors, each of which has been offered the Notes at a private sale for investment. Neither the Company nor anyone acting on its behalf has taken, or will take, any action that would subject the issuance or sale of the Notes to the registration requirements of section 5 of the Securities Act or to the registration requirements of any Securities or blue sky laws of any applicable jurisdiction.

**Section 5.14. Use of Proceeds; Margin Regulations.** The Company will apply the proceeds of the sale of the Notes hereunder for the general corporate purposes of the Company and its Subsidiaries and as otherwise set forth in the section of the Transaction Overview of the Executive Summary in the Memorandum. No part of the proceeds from the sale of the Notes hereunder will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (12 CFR 221), or for the purpose of buying or carrying or trading in any Securities under such circumstances as to involve the Company in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220). Margin stock does not constitute more than 25% of the value of the consolidated assets of the Company and its subsidiaries and the Company does not have any present intention that margin stock will constitute more than 25% of the value of such assets. As used in this Section, the terms “margin stock” and “purpose of buying or carrying” shall have the meanings assigned to them in said Regulation U.

**Section 5.15. Existing Indebtedness; Future Liens.** (a) Except as described therein, Schedule 5.15 sets forth a complete and correct list of all outstanding Indebtedness of the Company and its Subsidiaries as of the applicable Series 2020B Closing, since which date there has been no Material change in the amounts, interest rates, sinking funds, installment payments or maturities of the Indebtedness of the Company or its Subsidiaries. As of the applicable Series 2020B Closing, neither the Company nor any Subsidiary is in default and no waiver of default is currently in effect, in the payment of any principal or interest on any Indebtedness of the Company or such Subsidiary and, to the knowledge of the Company, no event or condition exists with respect to any Indebtedness of the Company or any Subsidiary that would permit (or that with notice or the lapse of time, or both, would permit) one or more Persons to cause such Indebtedness to become due and payable before its stated maturity or before its regularly scheduled dates of payment.

Schedules 5.3, 5.4, 5.5, 5.15, 10.1, 10.5 and 10.7 of the Note Purchase Agreement are hereby supplemented by the attached Schedules 5.3, 5.4, 5.5, 5.15, 10.1, 10.5 and 10.7

[FORM OF SERIES 2020B NOTE, TRANCHE A]

HERCULES CAPITAL, INC.

4.50% SERIES 2020B SENIOR NOTE, TRANCHE A, DUE MARCH 4, 2026

No. [\_\_\_\_\_]
\$[\_\_\_\_\_]

[Date]
PPN 427096 B\* 2

FOR VALUE RECEIVED, the undersigned, HERCULES CAPITAL, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to [\_\_\_\_\_] , or registered assigns, the principal sum of [\_\_\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on March 4, 2026 (the "Maturity Date"), with interest (computed on the basis of a 360 day year of twelve 30 day months) (a) on the unpaid balance hereof at the rate of (a) 4.50% per annum from the date hereof, payable semiannually, on the 4th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Prepayment Settlement Amount (if any), at a rate per annum from time to time equal to the Default Rate (as defined in the hereinafter defined Note Purchase Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Prepayment Settlement Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (the "Notes") issued pursuant to a Supplement to the Note Purchase Agreement, dated February 5, 2020 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), among the Company, the Additional Purchasers named therein and Additional Purchasers of Notes from time to time issued pursuant to any Supplement to the Note Purchase Agreement. This Note and the holder hereof are entitled with the holders of all other Notes of all series from time to time outstanding under the Note Purchase Agreement to all the benefits provided for thereby or referred to therein. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note with the Company and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note of the same series for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

EXHIBIT 1
(to Supplement)

This Note is not subject to regularly scheduled prepayments of principal. This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Prepayment Settlement Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**HERCULES CAPITAL, INC.**

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

[FORM OF SERIES 2020B NOTE, TRANCHE B]

HERCULES CAPITAL, INC.

4.55% SERIES 2020B SENIOR NOTE, TRANCHE B, DUE MARCH 4, 2026

No. [\_\_\_\_\_]
\$[\_\_\_\_\_]

[Date]
PPN 427096 B@ 0

FOR VALUE RECEIVED, the undersigned, HERCULES CAPITAL, INC. (herein called the "Company"), a corporation organized and existing under the laws of the State of Maryland, hereby promises to pay to [\_\_\_\_\_] , or registered assigns, the principal sum of [\_\_\_\_\_] DOLLARS (or so much thereof as shall not have been prepaid) on March 4, 2026 (the "Maturity Date"), with interest (computed on the basis of a 360 day year of twelve 30 day months) (a) on the unpaid balance hereof at the rate of (a) 4.55% per annum from the date hereof, payable semiannually, on the 4th day of March and September in each year, commencing with the March or September next succeeding the date hereof, and on the Maturity Date, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, (x) on any overdue payment of interest and (y) during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Prepayment Settlement Amount (if any), at a rate per annum from time to time equal to the Default Rate (as defined in the hereinafter defined Note Purchase Agreement), payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Prepayment Settlement Amount with respect to this Note are to be made in lawful money of the United States of America at the Company in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of a series of Senior Notes (the "Notes") issued pursuant to a Supplement to the Note Purchase Agreement, dated February 5, 2020 (as from time to time amended, supplemented or modified, the "Note Purchase Agreement"), among the Company, the Additional Purchasers named therein and Additional Purchasers of Notes from time to time issued pursuant to any Supplement to the Note Purchase Agreement. This Note and the holder hereof are entitled with the holders of all other Notes of all series from time to time outstanding under the Note Purchase Agreement to all the benefits provided for thereby or referred to therein. Each holder of this Note will be deemed, by its acceptance hereof, (i) to have agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) to have made the representation set forth in Section 6 of the Note Purchase Agreement. Unless otherwise indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note with the Company and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note of the same series for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

EXHIBIT 2
(to Supplement)



This Note is not subject to regularly scheduled prepayments of principal. This Note is subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Prepayment Settlement Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Note shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

**HERCULES CAPITAL, INC.**

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Hercules Capital Announces an Investment Grade Bond Offering Totaling \$100.0 Million due 2026

*Completes \$50.0 Million of 4.50% Notes due March 2026*

*Prices \$50.0 Million of 4.55% Notes due March 2026*

*Institutional Bonds due 2026 initially assigned a BBB+ by Kroll Bond Rating Agency*

**PALO ALTO, Calif., November 4, 2020** – Hercules Capital, Inc. (NYSE: HTGC) (“Hercules” or the “Company”) today announced a private offering totaling \$100.0 million in aggregate principal amount of \$50.0 million 4.50% Notes due March 2026 (the “November Notes”) and \$50.0 million 4.55% Notes due March 2026 (the “March Notes”).

The November Notes are unsecured and bear an interest rate of 4.50% per year, payable semiannually and will mature on March 4, 2026, and may be redeemed in whole or in part at any time or from time to time at the Company’s option at any time plus a premium, if applicable. The issuance of \$50.0 million of the November Notes occurred on November 4, 2020.

The March Notes are unsecured and bear an interest rate of 4.55% per year, payable semiannually and will mature in March 2026, and may be redeemed in whole or in part at any time or from time to time at the Company’s option at any time plus a premium, if applicable. The issuance of \$50.0 million of the March Notes is expected to occur in March 2021.

The Company expects to use the net proceeds from this offering (i) to pay down existing credit facilities, (ii) to fund investments in debt and equity securities in accordance with its investment objective, and (iii) for other general corporate purposes.

Goldman Sachs & Co. LLC was the sole placement agent of this offering.

### **About Hercules Capital, Inc.**

Hercules Capital, Inc. (NYSE: HTGC) is the leading and largest specialty finance company focused on providing senior secured venture growth loans to high-growth, innovative venture capital-backed companies in a broad variety of technology, life sciences and sustainable and renewable technology industries. Since inception (December 2003), Hercules has committed more than \$11.0 billion to over 520 companies and is the lender of choice for entrepreneurs and venture capital firms seeking growth capital financing. Companies interested in learning more about financing opportunities should contact [info@htgc.com](mailto:info@htgc.com), or call 650.289.3060.

Hercules’ common stock trades on the New York Stock Exchange (NYSE) under ticker symbol HTGC. In addition, Hercules has two retail bond issuances of 5.25% Notes due 2025 (NYSE: HCXZ) and 6.25% Notes due 2033 (NYSE: HCXY).

## **Forward-Looking Statements**

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

The information disclosed in this press release is made as of the date hereof. There is no assurance that the offering of the June Notes will close in June 2020 or at all. Actual events, including the issuance of the June Notes and the use of proceeds from the offering of the February Notes and the June Notes may differ from those described herein. These forward-looking statements are not guarantees of future events and are subject to uncertainties and other factors that could cause actual results to differ materially from those expressed in the forward-looking statements including, without limitation, the risks, uncertainties, including the uncertainties surrounding the current market volatility, and other factors the Company identifies from time to time in its filings with the SEC. Although Hercules believes that the assumptions on which these forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions also could be incorrect. You should not place undue reliance on these forward-looking statements. The forward-looking statements contained in this release are made as of the date hereof, and Hercules assumes no obligation to update the forward-looking statements for subsequent events.

### **Contact:**

Michael Hara  
Investor Relations and Corporate Communications  
Hercules Capital, Inc.  
(650) 433-5578  
mhara@htgc.com