

Edgar Filing: HIBBETT SPORTS INC - Form SC 13G/A

HIBBETT SPORTS INC
Form SC 13G/A
February 12, 2010

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 9) *

HIBBETT SPORTS INC

(Name of Issuer)

COMMON STOCK

(Title of Class of Securities)

428567101

(CUSIP Number)

December 31, 2009

(Date of Event which Requires Filing of Statement)

Check the appropriate box to designate the Rule pursuant to which this Schedule is filed:

Rule 13d - 1(b)

Rule 13d - 1(c)

Rule 13d - 1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes.)

(Continued on following page(s))
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CUSIP NO. 428567101

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1 Name of Reporting Person
S.S. or I.R.S. Identification No. of Above Person

T. ROWE PRICE ASSOCIATES, INC.
52-0556948

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2 Check the Appropriate Box if a Member of a Group* (a) _____
NOT APPLICABLE (b) _____

3 SEC Use Only

4 Citizenship or Place of Organization

MARYLAND

Number of 5 Sole Voting Power
**

Shares 423,025

Beneficially 6 Shared Voting Power
**

Owned By Each -0-

Reporting 7 Sole Dispositive Power
**

Person 3,719,405

With 8 Shared Dispositive Power

-0-

9 Aggregate Amount Beneficially Owned by Each Reporting Person

3,719,405

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain
Shares*

NOT APPLICABLE

11 Percent of Class Represented by Amount in Row 9

12.9%

12 Type of Reporting Person*

IA

*SEE INSTRUCTION BEFORE FILLING OUT!

**Any shares reported in Items 5 and 6 are also
reported in Item 7.

CUSIP NO. 428567101

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1 Name of Reporting Person

S.S. or I.R.S. Identification No. of Above Person

T. ROWE PRICE SMALL-CAP VALUE FUND, INC.
52-1575325

2 Check the Appropriate Box if a Member of a Group* (a) _____
NOT APPLICABLE (b) _____

3 SEC Use Only

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4 Citizenship or Place of Organization

MARYLAND

Number of	5	Sole Voting Power
	**	
Shares	1,504,200	
Beneficially	6	Shared Voting Power
	**	
Owned By Each	-0-	
Reporting	7	Sole Dispositive Power
	**	
Person	-0-	
With	8	Shared Dispositive Power
	-0-	

9 Aggregate Amount Beneficially Owned by Each Reporting Person

1,504,200

10 Check Box if the Aggregate Amount in Row (9) Excludes Certain Shares*

NOT APPLICABLE

11 Percent of Class Represented by Amount in Row 9

5.2%

12 Type of Reporting Person*

IV

*SEE INSTRUCTION BEFORE FILLING OUT!

**The aggregate amount reported on this page is also included in the aggregate amount reported by T. Rowe Price Associates, Inc. on page 2 of this Schedule 13G.

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Item 1(a) Name of Issuer:

Reference is made to page 1 of this Schedule 13G

Item 1(b) Address of Issuer's Principal Executive Offices:

451 INDUSTRIAL LANE, BIRMINGHAM, AL 35211

Item 2(a) Name of Person(s) Filing:

(1) T. Rowe Price Associates, Inc. ("Price Associates")

(2) T. Rowe Price Small-Cap Value Fund, Inc.

X Attached as Exhibit A is a copy of an agreement between

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the Persons Filing (as specified hereinabove) that this Schedule 13G is being filed on behalf of each of them.

Item 2(b) Address of Principal Business Office:

100 E. Pratt Street, Baltimore, Maryland 21202

Item 2(c) Citizenship or Place of Organization:

(1) Maryland

(2) Maryland

Item 2(d) Title of Class of Securities:

Reference is made to page 1 of this Schedule 13G

Item 2(e) CUSIP Number: 428567101

Item 3 The person filing this Schedule 13G is an:

X Investment Adviser registered under Section 203 of the Investment Advisers Act of 1940

X Investment Company registered under Section 8 of the Investment Company Act of 1940

Item 4 Reference is made to Items 5-11 on page 2 of this Schedule 13G.

SCHEDULE 13G

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Item 5 Ownership of Five Percent or Less of a Class.

x Not Applicable.

This statement is being filed to report the fact that, as of the date of this report, the reporting person(s) has (have) ceased to be the beneficial owner of more than five percent of the class of securities.

Item 6 Ownership of More than Five Percent on Behalf of Another Person

(1) Price Associates does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities.

The ultimate power to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time.

Except as may be indicated if this is a joint filing with one of the registered investment companies

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sponsored by Price Associates which it also serves as investment adviser ("T. Rowe Price Funds"), not more than 5% of the class of such securities is owned by any one client subject to the investment advice of Price Associates.

- (2) With respect to securities owned by any one of the T. Rowe Price Funds, only State Street Bank and Trust Company, as custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid.

Item 7 Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not Applicable.

Item 8 Identification and Classification of Members of the Group.

Not Applicable.

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Item 9 Notice of Dissolution of Group.

Not Applicable.

Item 10 Certification.

By signing below I (we) certify that, to the best of my (our) knowledge and belief, the securities referred to above were acquired in the ordinary course of business and were not acquired for the purpose of and do not have the effect of changing or influencing the control of the issuer of such securities and were not acquired in connection with or as a participant in any transaction having such purpose or effect. T. Rowe Price Associates, Inc. hereby declares and affirms that the filing of Schedule 13G shall not be construed as an admission that Price Associates is the beneficial owner of the securities referred to, which beneficial ownership is expressly denied.

Signature.

After reasonable inquiry and to the best of my (our) knowledge and belief, I (we) certify that the information set forth in this statement is true, complete and correct.

Dated: February 12, 2010

Dated: February 12, 2010

T. ROWE PRICE SMALL-CAP
VALUE FUND, INC.

T. ROWE PRICE ASSOCIATES, INC.

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By: /s/ David Oestreicher
David Oestreicher,
Vice President

By: /s/ David Oestreicher
David Oestreicher,
Vice President

Note: This Schedule 13G, including all exhibits, must be filed with the Securities and Exchange Commission, and a copy hereof must be sent to the issuer by registered or certified mail not later than February 14th following the calendar year covered by the statement or within the time specified in Rule 13d-1(b)(2), if applicable.

12/31/2009
EXHIBIT A

AGREEMENT

JOINT FILING OF SCHEDULE 13G

T. Rowe Price Associates, Inc. (an investment adviser registered under the Investment Advisers Act of 1940) and T. Rowe Price Small-Cap Value Fund, Inc., a Maryland corporation, hereby agree to file jointly the statement on Schedule 13G to which this Agreement is attached, and any amendments thereto which may be deemed necessary, pursuant to Regulation 13D-G under the Securities Exchange Act of 1934.

It is understood and agreed that each of the parties hereto is responsible for the timely filing of such statement and any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein, but such party is not responsible for the completeness or accuracy of information concerning the other party unless such party knows or has reason to believe that such information is inaccurate.

It is understood and agreed that a copy of this Agreement shall be attached as an exhibit to the statement on Schedule 13G, and any amendments hereto, filed on behalf of each of the parties hereto.

Dated: February 12, 2010

Dated: February 12, 2010

T. ROWE PRICE SMALL-CAP
VALUE FUND, INC.

T. ROWE PRICE ASSOCIATES, INC.

By: /s/ David Oestreicher
David Oestreicher,
Vice President

By: /s/ David Oestreicher
David Oestreicher,
Vice President

nt-family:Times New Roman" SIZE="2"> 5,000

Achronix Semiconductor Corporation

5,000

Oak Street Health

5,000

Lithium Technologies, Inc.

878

Greenphire

500

Insurance Technologies Corp.

500

Total

\$51,878

(1) Amount represents unfunded commitments, including undrawn revolving facilities, which are available at the request of the portfolio company. Amount excludes unfunded commitments which are unavailable due to the borrower having not met certain milestones.

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The following table shows our contractual obligations as of March 31, 2018:

Contractual Obligations ⁽¹⁾	Total	Payments due by period (in thousands)			After 5 years
		Less than 1 year	1 - 3 years	3 - 5 years	
Borrowings ⁽²⁾⁽³⁾⁽⁵⁾	\$ 787,285	\$ 151,975	\$ 61,550	\$ 490,250	\$ 83,510
Operating Lease Obligations ⁽⁴⁾	17,290	2,436	5,005	5,912	3,937
Total	\$ 804,575	\$ 154,411	\$ 66,555	\$ 496,162	\$ 87,447

(1) Excludes commitments to extend credit to our portfolio companies.

(2) Includes \$190.2 million in principal outstanding under the SBA debentures, \$150.0 million of the 2022 Notes, \$183.5 million of the 2024 Notes, \$33.6 million of the 2021 Asset-Backed Notes and \$230.0 million of the 2022 Convertible Notes as of March 31, 2018.

(3) Amounts represent future principal repayments and not the carrying value of each liability. See Note 4 to our consolidated financial statements.

(4) Facility leases and licenses.

(5) Reflects announced redemption of a portion of the 2024 Notes in April 2018.

Certain premises are leased or licensed under agreements which expire at various dates through June 2027. Total rent expense amounted to approximately \$451,000 and \$444,000 during the three months ended March 31, 2018 and 2017, respectively.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. The indemnification agreements are intended to provide our directors and executive officers the maximum indemnification permitted under Maryland law and the 1940 Act. Each indemnification agreement provides that we shall indemnify the director or executive officer who is a party to the agreement, or an Indemnitee, including the advancement of legal expenses, if, by reason of his or her corporate status, the Indemnitee is, or is threatened to be, made a party to or a witness in any threatened, pending, or completed proceeding, to the maximum extent permitted by Maryland law and the 1940 Act.

We and our executives and directors are covered by Directors and Officers Insurance, with the directors and officers being indemnified by us to the maximum extent permitted by Maryland law subject to the restrictions in the 1940 Act.

Borrowings***Long-Term SBA Debentures***

On September 27, 2006, HT II received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. Under the Small Business Investment Company Act and current SBA policy applicable to SBICs, a SBIC can have outstanding at any time SBA guaranteed debentures up to twice the amount of its regulatory capital. With our net investment of \$44.0 million in HT II as of March 31, 2018, HT II has the capacity to issue a total of \$41.2 million of SBA guaranteed debentures, subject to SBA approval, of which \$41.2 million was outstanding as of March 31, 2018. As of March 31, 2018, HT II has paid the SBA commitment fees and facility fees of approximately \$1.5 million and \$3.6 million, respectively. As of March 31, 2018, we held investments in HT II in 34 companies with a fair value of approximately \$84.9 million, accounting for approximately 5.7% of our total investment portfolio at March 31, 2018. HT II held approximately \$113.1 million in assets and accounted for approximately 5.7% of our total assets prior to consolidation at March 31, 2018.

On May 26, 2010, HT III received a license to operate as a SBIC under the SBIC program and is able to borrow funds from the SBA against eligible investments and additional contributions to regulatory capital. With

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our net investment of \$74.5 million in HT III as of March 31, 2018, HT III has the capacity to issue a total of \$149.0 million of SBA guaranteed debentures, subject to SBA approval, of which \$149.0 million was outstanding as of March 31, 2018. As of March 31, 2018, HT III has paid the SBA commitment fees and facility fees of approximately \$1.5 million and \$3.6 million, respectively. As of March 31, 2018, we held investments in HT III in 47 companies with a fair value of approximately \$236.0 million, accounting for approximately 15.9% of our total investment portfolio at March 31, 2018. HT III held approximately \$285.8 million in assets and accounted for approximately 14.4% of our total assets prior to consolidation at March 31, 2018.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding \$19.5 million and have average annual fully taxed net income not exceeding \$6.5 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to smaller enterprises as defined by the SBA. A smaller enterprise is one that has a tangible net worth not exceeding \$6.0 million and has average annual fully taxed net income not exceeding \$2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Through our wholly owned subsidiaries HT II and HT III, we plan to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

HT II and HT III are periodically examined and audited by the SBA's staff to determine their compliance with SBA regulations. If HT II or HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT II's or HT III's use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT II or HT III from making new investments. In addition, HT II or HT III may also be limited in their ability to make distributions to us if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect us because HT II and HT III are our wholly owned subsidiaries. HT II and HT III were in compliance with the terms of the SBIC's leverage as of March 31, 2018 as a result of having sufficient capital as defined under the SBA regulations.

The rates of borrowings under various draws from the SBA beginning in March 2009 are set semiannually in March and September and range from 2.25% to 4.62% excluding annual fees. Interest payments on SBA debentures are payable semiannually. There are no principal payments required on these issues prior to maturity and no prepayment penalties. Debentures under the SBA generally mature ten years after being borrowed. Based on the initial draw down date of March 2009, the initial maturity of SBA debentures will occur in March 2019. In addition, the SBA charges a fee that is set annually, depending on the Federal fiscal year the leverage commitment was delegated by the SBA, regardless of the date that the leverage was drawn by the SBIC. The annual fees related to HT II debentures that pooled on September 22, 2010 were 0.406% and 0.285%, depending upon the year in which the underlying commitment was closed. The annual fees on other debentures have been set at 0.906%. The annual fees related to HT III debentures that pooled on March 27, 2013 were 0.804%. The annual fees on other debentures have been set at 0.515%. The rates of borrowings on our SBA debentures range from 3.05% to 5.53% when including these annual fees.

The average amount of debentures outstanding for the three months ended March 31, 2018 for HT II was approximately \$41.2 million with an average interest rate of approximately 4.56%. The average amount of debentures outstanding for the three months ended March 31, 2018 for HT III was approximately \$149.0 million with an average interest rate of approximately 3.46%.

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For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the SBA debentures are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 1,718	\$ 1,719
Amortization of debt issuance cost (loan fees)	158	168
Total interest expense and fees	\$ 1,876	\$ 1,887

Cash paid for interest expense	\$ 3,442	\$ 3,442
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In aggregate, at March 31, 2018, with our net investment of \$118.5 million, HT II and HT III have the capacity to issue a total of \$190.2 million of SBA-guaranteed debentures, subject to SBA approval. At March 31, 2018, we have issued \$190.2 million in SBA-guaranteed debentures in our SBIC subsidiaries.

We reported the following SBA debentures outstanding principal balances as of March 31, 2018 and December 31, 2017:

(in thousands)					
Issuance/Pooling Date	Maturity Date	Interest Rate ⁽¹⁾	March 31, 2018	December 31, 2017	
March 25, 2009	March 1, 2019	5.53%	\$ 18,400	\$ 18,400	
September 23, 2009	September 1, 2019	4.64%	3,400	3,400	
September 22, 2010	September 1, 2020	3.62%	6,500	6,500	
September 22, 2010	September 1, 2020	3.50%	22,900	22,900	
March 29, 2011	March 1, 2021	4.37%	28,750	28,750	
September 21, 2011	September 1, 2021	3.16%	25,000	25,000	
March 21, 2012	March 1, 2022	3.28%	25,000	25,000	
March 21, 2012	March 1, 2022	3.05%	11,250	11,250	
September 19, 2012	September 1, 2022	3.05%	24,250	24,250	
March 27, 2013	March 1, 2023	3.16%	24,750	24,750	
Total SBA Debentures			\$ 190,200	\$ 190,200	

(1) Interest rate includes annual charge
2019 Notes

In April and July 2012, we issued \$84.5 million in aggregate principal amount of 7.00% notes due 2019 (the April 2019 Notes). In September and October 2012, we issued \$85.9 million in aggregate principal amount of 7.00% notes due 2019 (the September 2019 Notes). The April 2019 Notes and September 2019 Notes are together referred to as the 2019 Notes.

In April 2015, we redeemed \$20.0 million of the \$84.5 million issued and outstanding aggregate principal amount of April 2019 Notes, as previously approved by the Board of Directors. In December 2015, we redeemed \$40.0 million of the \$85.9 million issued and outstanding aggregate principal amount of September 2019 Notes, as previously approved by the Board of Directors. The remaining 2019 Notes were fully redeemed on February 24, 2017.

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For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2019 Notes are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$	\$ 1,159
Amortization of debt issuance cost (loan fees)		1,546
Total interest expense and fees	\$	\$ 2,705
Cash paid for interest expense	\$	\$ 1,911

2022 Notes

On October 23, 2017, we issued \$150.0 million in aggregate principal amount of the 2022 Notes. The 2022 Notes were issued pursuant to the 2022 Notes Indenture. The sale of the 2022 Notes generated net proceeds of approximately \$147.5 million, including a public offering discount of \$826,500. Aggregate estimated offering expenses in connection with the transaction, including the underwriter's discounts and commissions of approximately \$975,000, were approximately \$1.7 million.

The 2022 Notes mature on October 23, 2022, unless previously repurchased in accordance with their terms. The 2022 Notes bear interest at a rate of 4.625% per year payable semiannually in arrears on April 23 and October 23 of each year, commencing on April 23, 2018.

The 2022 Notes are unsecured obligations of ours that rank senior in right of payment to all of our existing and future indebtedness that is expressly subordinated, or junior, in right of payment to the 2022 Notes. The 2022 Notes are not guaranteed by any of our current or future subsidiaries. The 2022 Notes rank pari passu, or equally, in right of payment with all of our existing and future liabilities that are not so subordinated, or junior. The 2022 Notes effectively rank subordinated, or junior, to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness. The 2022 Notes rank structurally subordinated, or junior, to all existing and future indebtedness (including trade payables) incurred by subsidiaries, financing vehicles or similar facilities of ours.

We may redeem some or all of the 2022 Notes at any time, or from time to time, at the redemption price set forth under the terms of the indenture after September 23, 2022. No sinking fund is provided for the 2022 Notes. The 2022 Notes were issued in denominations of \$2,000 and integral multiples of \$1,000 thereof. As of March 31, 2018, we were in compliance with the terms of the 2022 Notes Indenture.

As of March 31, 2018 and December 31, 2017, the components of the carrying value of the 2022 Notes were as follows:

(in thousands)	March 31, 2018	December 31, 2017
Principal amount of debt	\$ 150,000	\$ 150,000
Unamortized debt issuance cost	(1,548)	(1,633)
Original issue discount, net of accretion	(754)	(795)
Carrying value of 2022 Notes	\$ 147,698	\$ 147,572

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For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2022 Notes are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 1,734	\$
Amortization of debt issuance cost (loan fees)	84	
Accretion of original issue discount	41	
Total interest expense and fees	\$ 1,859	\$
Cash paid for interest expense	\$	\$

2024 Notes

On July 14, 2014, we and U.S. Bank, N.A. (the 2024 Trustee), entered into the Third Supplemental Indenture (the Third Supplemental Indenture) to the Base Indenture between us and the 2024 Trustee, dated July 14, 2014, relating to our issuance, offer and sale of \$100.0 million aggregate principal amount of the 2024 Notes. On August 6, 2014, the underwriters issued notification to exercise their over-allotment option for an additional \$3.0 million in aggregate principal amount of the 2024 Notes.

On May 2, 2016, we closed an underwritten public offering of an additional \$72.9 million in aggregate principal amount of the 2024 Notes. The \$72.9 million in aggregate principal amount includes \$65.4 million from the initial offering on April 21, 2016 and \$7.5 million as a result of underwriters exercising a portion of their option to purchase up to an additional \$9.8 million in aggregate principal to cover overallotments on April 29, 2016.

On June 27, 2016, we closed an underwritten public offering of an additional \$60.0 million in aggregate principal amount of the 2024 Notes. On June 30, 2016, the underwriters exercised their option to purchase up to an additional \$9.0 million in aggregate principal to cover overallotments, resulting in total aggregate principal of \$69.0 million from the offering.

On October 11, 2016, we entered into a debt distribution agreement, pursuant to which it may offer for sale, from time to time, up to \$150.0 million in aggregate principal amount of the 2024 Notes through FBR Capital Markets & Co. acting as its sales agent (the 2024 Notes Agent). Sales of the 2024 Notes may be made in negotiated transactions or transactions that are deemed to be at the market offerings as defined in Rule 415 under the Securities Act, including sales made directly on the NYSE, or similar securities exchange or sales made through a market maker other than on an exchange at prices related to prevailing market prices or at negotiated prices.

On October 24, 2017, our Board of Directors approved a redemption of \$75.0 million of outstanding aggregate principal amount of the 2024 Notes, which were redeemed on November 23, 2017.

On February 9, 2018, the Board of Directors approved a redemption of \$100.0 million of outstanding aggregate principal amount of the 2024 Notes and notice for such redemption was provided. We redeemed this portion of the 2024 Notes on April 2, 2018.

The 2024 Notes Agent receives a commission from us equal to up to 2.00% of the gross sales of any 2024 Notes sold through the 2024 Notes Agent under the debt distribution agreement. The 2024 Notes Agent is not required to sell any specific principal amount of 2024 Notes but will use its commercially reasonable efforts consistent with its sales and trading practices to sell the 2024 Notes. The 2024 Notes are expected to trade flat, which means that purchasers in the secondary market will not pay, and sellers will not receive, any accrued and unpaid interest on the 2024 Notes that is not reflected in the trading price.

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During the three months ended March 31, 2018, we did not sell any notes under the debt distribution agreement. During the year ended December 31, 2017, we sold 225,457 notes for approximately \$5.6 million in aggregate principal amount. As of March 31, 2018 approximately \$136.4 million in aggregate principal amount remains available for issuance and sale under the debt distribution agreement.

All issuances of 2024 Notes rank equally in right of payment and form a single series of notes.

The 2024 Notes will mature on July 30, 2024 and may be redeemed in whole or in part at our option at any time or from time to time on or after July 30, 2017, upon not less than 30 days nor more than 60 days written notice by mail prior to the date fixed for redemption thereof, at a redemption price of 100% of the outstanding principal amount thereof plus accrued and unpaid interest payments otherwise payable for the then-current quarterly interest period accrued to but not including the date fixed for redemption. The 2024 Notes bear interest at a rate of 6.25% per year payable quarterly on January 30, April 30, July 30 and October 30 of each year, commencing on July 30, 2014, and trade on the NYSE under the trading symbol HTGX.

The 2024 Notes are our direct unsecured obligations and rank: (i) *pari passu* with our other outstanding and future senior unsecured indebtedness; (ii) senior to any of our future indebtedness that expressly provides it is subordinated to the 2024 Notes; (iii) effectively subordinated to all of our existing and future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grants security), to the extent of the value of the assets securing such indebtedness; (iv) structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries.

The Base Indenture, as supplemented by the Third Supplemental Indenture, contains certain covenants including covenants requiring us to comply with (regardless of whether it is subject to) the asset coverage requirements set forth in Section 18 (a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act and to comply with the restrictions on dividends and other distributions as well as the purchase of capital stock set forth in Section 18(a)(1)(B) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act. These covenants are subject to important limitations and exceptions that are described in the Base Indenture, as supplemented by the Third Supplemental Indenture. The Base Indenture, as supplemented by the Third Supplemental Indenture, also contains certain reporting requirements, including a requirement that we provide financial information to the holders of the 2024 Notes and the 2024 Trustee if we should no longer be subject to the reporting requirements under the Exchange Act. The Base Indenture provides for customary events of default and further provides that the 2024 Trustee or the holders of 25% in aggregate principal amount of the outstanding 2024 Notes in a series may declare such 2024 Notes immediately due and payable upon the occurrence of any event of default after expiration of any applicable grace period. As of March 31, 2018, we were in compliance with the terms of the Base Indenture as supplemented by the Third Supplemental Indenture.

As of March 31, 2018 and December 31, 2017, the components of the carrying value of the 2024 Notes were as follows:

(in thousands)	March 31, 2018	December 31, 2017
Principal amount of debt	\$ 183,510	\$ 183,510
Unamortized debt issuance cost	(4,417)	(4,591)
Original issue premium, net of amortization	68	82
Carrying value of 2024 Notes	\$ 179,161	\$ 179,001

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For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2024 Notes are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 2,881	\$ 3,987
Amortization of debt issuance cost (loan fees)	174	249
Amortization of original issue premium	(13)	(16)
Total interest expense and fees	\$ 3,042	\$ 4,220
Cash paid for interest expense	\$ 2,867	\$ 3,977

2021 Asset-Backed Notes

On November 13, 2014, we completed a \$237.4 million term debt securitization in connection with which an affiliate of ours made an offer of \$129.3 million in aggregate principal amount of the 2021 Asset-Backed Notes, which were rated A(sf) by Kroll Bond Rating Agency, Inc. The 2021 Asset-Backed Notes were sold by Hercules Capital Funding Trust 2014-1 pursuant to a note purchase agreement, dated as of November 13, 2014, by and among us, the 2014 Trust Depositor, the 2014 Securitization Issuer, and Guggenheim Securities, LLC, as initial purchaser, and are backed by a pool of senior loans made to certain of our portfolio companies and secured by certain assets of those portfolio companies and are to be serviced by us. The securitization has an 18-month reinvestment period during which time principal collections may be reinvested into additional eligible loans. Interest on the 2021 Asset-Backed Notes is paid, to the extent of funds available, at a fixed rate of 3.524% per annum. The 2021 Asset-Backed Notes have a stated maturity of April 16, 2021.

As part of this transaction, we entered into a sale and contribution agreement with the 2014 Trust Depositor under which we have agreed to sell or have contributed to the 2014 Trust Depositor the 2014 Loans. We have made customary representations, warranties and covenants in the sale and contribution agreement with respect to the 2014 Loans as of the date of their transfer to the 2014 Trust Depositor.

In connection with the issuance and sale of the 2021 Asset-Backed Notes, we have made customary representations, warranties and covenants in the note purchase agreement. The 2021 Asset-Backed Notes are secured obligations of the 2014 Securitization Issuer and are non-recourse to us. The 2014 Securitization Issuer also entered into an indenture governing the 2021 Asset-Backed Notes, which includes customary representations, warranties and covenants. The 2021 Asset-Backed Notes were sold without being registered under the Securities Act (A) in the United States to qualified institutional buyers as defined in Rule 144A under the Securities Act and to institutional accredited investors (as defined in Rules 501(a)(1), (2), (3) or (7) under the Securities Act) who in each case, are qualified purchasers as defined in Section 2(a)(51)(A) of the 1940 Act and pursuant to an exemption under the Securities Act and (B) to non-U.S. purchasers acquiring interest in the 2021 Asset-Backed Notes outside the United States in accordance with Regulation S under the Securities Act. The 2014 Securitization Issuer is not registered under the 1940 Act in reliance on an exemption provided by Section 3(c)(7) thereof and Rule 3a-7 thereunder. In addition, the 2014 Trust Depositor entered into an amended and restated trust agreement in respect of the 2014 Securitization Issuer, which includes customary representation, warranties and covenants.

The 2014 Loans are serviced by us pursuant to a sale and servicing agreement, which contains customary representations, warranties and covenants. We perform certain servicing and administrative functions with respect to the 2014 Loans. We are entitled to receive a monthly fee from the 2014 Securitization Issuer for servicing the 2014 Loans. This servicing fee is equal to the product of one-twelfth (or in the case of the first payment date, a fraction equal to the number of days from and including October 5, 2014 through and including December 5, 2014 over 360) of 2.00% and the aggregate outstanding principal balance of the 2014 Loans plus collections on deposit in the 2014 Securitization Issuer's collections account, as of the first day of the related

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collection period (the period from the 5th day of the immediately preceding calendar month through the 4th day of the calendar month in which a payment date occurs, and for the first payment date, the period from and including October 5, 2014, to the close of business on December 5, 2014). We also serve as administrator to the 2014 Securitization Issuer under an administration agreement, which includes customary representations, warranties and covenants.

At March 31, 2018 and December 31, 2017, the 2021 Asset-Backed Notes had an outstanding principal balance of \$33.6 million and \$49.2 million, respectively.

For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the 2021 Asset-Backed Notes are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 341	\$ 888
Amortization of debt issuance cost (loan fees)	83	210
Total interest expense and fees	\$ 424	\$ 1,098

Cash paid for interest expense	\$ 387	\$ 940
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Under the terms of the 2021 Asset-Backed Notes, we are required to maintain a reserve cash balance, funded through interest and principal collections from the underlying securitized debt portfolio, which may be used to pay monthly interest and principal payments on the 2021 Asset-Backed Notes. We have segregated these funds and classified them as restricted cash. There was approximately \$3.6 million and \$3.7 million of restricted cash as of March 31, 2018 and December 31, 2017, respectively, funded through interest collections.

Convertible Notes***2022 Convertible Notes***

On January 25, 2017, we issued \$230.0 million in aggregate principal amount of the 2022 Convertible Notes, which amount includes the additional \$30.0 million aggregate principal amount of 2022 Convertible Notes issued pursuant to the initial purchaser's exercise in full of its overallotment option. The 2022 Convertible Notes were issued pursuant to an Indenture, dated January 25, 2017 (the 2022 Convertible Notes Indenture), between us and U.S. Bank, National Association, as trustee (the 2022 Convertible Notes Trustee). The sale of the 2022 Convertible Notes generated net proceeds of approximately \$225.5 million, including \$4.5 million of debt issuance costs.

The 2022 Convertible Notes mature on February 1, 2022, unless previously converted or repurchased in accordance with their terms. The 2022 Convertible Notes bear interest at a rate of 4.375% per year payable semiannually in arrears on February 1 and August 1 of each year, commencing on August 1, 2017.

The 2022 Convertible Notes are unsecured obligations of ours and rank senior in right of payment to our future indebtedness that is expressly subordinated in right of payment to the 2022 Convertible Notes; equal in right of payment to our existing and future indebtedness that is not so subordinated; effectively junior in right of payment to any of our secured indebtedness (including unsecured indebtedness that we later secure) to the extent of the value of the assets securing such indebtedness; and structurally junior to all existing and future indebtedness (including trade payables) incurred by our subsidiaries, financing vehicles or similar facilities.

Prior to the close of business on the business day immediately preceding August 1, 2021, holders may convert their 2022 Convertible Notes only under certain circumstances set forth in the 2022 Convertible Notes Indenture. On or after August 1, 2021 until the close of business on the scheduled trading day immediately

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preceding the maturity date, holders may convert their 2022 Convertible Notes at any time. Upon conversion, we will pay or deliver, as the case may be, at its election, cash, shares of its common stock or a combination of cash and shares of its common stock. The conversion rate is initially 60.9366 shares of common stock per \$1,000 principal amount of 2022 Convertible Notes (equivalent to an initial conversion price of approximately \$16.41 per share of common stock). The conversion rate will be subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, if certain corporate events occur prior to the maturity date, we will increase the conversion rate for a holder who elects to convert its 2022 Convertible Notes in connection with such a corporate event in certain circumstances. As of March 31, 2018, the conversion rate was 60.9366 shares of common stock per \$1,000 principal amount of Convertible Senior Notes (equivalent to an adjusted conversion price of approximately \$16.41 per share of common stock).

We may not redeem the 2022 Convertible Notes at its option prior to maturity. No sinking fund is provided for the 2022 Convertible Notes. In addition, if certain corporate events occur, holders of the 2022 Convertible Notes may require us to repurchase for cash all or part of their 2022 Convertible Notes at a repurchase price equal to 100% of the principal amount of the 2022 Convertible Notes to be repurchased, plus accrued and unpaid interest through, but excluding, the required repurchase date.

The 2022 Convertible Notes Indenture contains certain covenants, including covenants requiring us to comply with Section 18(a)(1)(A) of the 1940 Act as modified by Section 61(a)(1) of the 1940 Act and to provide financial information to the holders of the 2022 Convertible Notes and the 2022 Convertible Notes Trustee if we cease to be subject to the reporting requirements of the Exchange Act. These covenants are subject to important limitations and exceptions that are described in the 2022 Convertible Notes Indenture. We offered and sold the 2022 Convertible Notes to the initial purchaser in reliance on the exemption from registration provided by Section 4(a)(2) of the Securities Act, for resale by the initial purchaser to qualified institutional buyers (as defined in the Securities Act) pursuant to the exemption from registration provided by Rule 144A under the Securities Act. We relied on these exemptions from registration based in part on representations made by the initial purchaser in connection with the sale of the 2022 Convertible Notes.

The 2022 Convertible Notes are accounted for in accordance with ASC Subtopic 470-20 (Debt Instruments with Conversion and Other Options). In accounting for the 2022 Convertible Notes, we estimated at the time of issuance that the values of the debt and the embedded conversion feature of the 2022 Convertible Notes were approximately 98.5% and 1.5%, respectively. The original issue discount of 1.5%, or \$3.4 million, attributable to the conversion feature of the 2022 Convertible Notes was recorded in capital in excess of par value in the Consolidated Statement of Assets and Liabilities. As a result, we record interest expense comprised of both stated interest expense as well as accretion of the original issue discount resulting in an estimated effective interest rate of approximately 4.76%.

As of March 31, 2018 and December 31, 2017, the components of the carrying value of the 2022 Convertible Notes were as follows:

(in thousands)	March 31, 2018	December 31, 2017
Principal amount of debt	\$ 230,000	\$ 230,000
Unamortized debt issuance cost	(3,492)	(3,715)
Original issue discount, net of accretion	(2,630)	(2,797)
Carrying value of 2022 Convertible Notes	\$ 223,878	\$ 223,488

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For the three months ended March 31, 2018 and 2017, the components of interest expense, fees and cash paid for interest expense for the 2022 Convertible notes were as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$ 2,516	\$ 1,758
Amortization of debt issuance cost (loan fees)	223	133
Accretion of original issue discount	168	112
Total interest expense and fees	\$ 2,907	\$ 2,003
Cash paid for interest expense	\$ 5,031	\$

As of March 31, 2018, we are in compliance with the terms of the indentures governing the 2022 Convertible Notes.

Credit Facilities

As of March 31, 2018 and December 31, 2017, we have two available secured credit facilities, the Wells Facility and the Union Bank Facility.

Wells Facility

On June 29, 2015, we, through a special purpose wholly owned subsidiary, Hercules Funding II LLC (Hercules Funding II), entered into the Wells Facility with Wells Fargo Capital Finance, LLC, as a lender and as the arranger and the administrative agent, and the lenders party thereto from time to time.

The Wells Facility matures on August 2, 2019, unless terminated sooner in accordance with its terms.

Under the Wells Facility, Wells Fargo Capital Finance, LLC made commitments of \$75.0 million, Alostara Bank of Commerce made commitments of \$20.0 million, and Everbank Commercial Finance Inc. made commitments of \$25.0 million. The Wells Facility contains an accordion feature, in which we can increase the credit line up to an aggregate of \$300.0 million, funded by additional lenders and with the agreement of Wells Fargo and subject to other customary conditions. We expect to continue discussions with various other potential lenders to join the facility; however, there can be no assurances that additional lenders will join the Wells Facility. Borrowings under the Wells Facility generally bear interest at a rate per annum equal to LIBOR plus 3.25%, and the Wells Facility has an advance rate of 50% against eligible debt investments. The Wells Facility is secured by all of the assets of Hercules Funding II. The Wells Facility requires payment of a non-use fee on a scale of 0.0% to 0.50% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three months ended March 31, 2018 and 2017, this non-use fee was \$150,000 and \$145,000, respectively.

The Wells Facility also includes various financial and other covenants applicable to us and our subsidiaries, in addition to those applicable to Hercules Funding II, including covenants relating to certain changes of control of us and Hercules Funding II. Among other things, these covenants also require us to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, minimum portfolio funding liquidity, and a minimum tangible net worth in an amount, when added to outstanding subordinated indebtedness, that is in excess of \$500.0 million plus 90% of the cumulative amount of equity raised after June 30, 2014.

As of March 31, 2018, the minimum tangible net worth covenant increased to \$742.7 million as a result of the public offering of 18.2 million shares of common stock issued for a total gross proceeds of approximately \$242.8 million under the Prior Equity Distribution Agreement through February 2017, and the Equity

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Distribution Agreement for the issuance of 1.6 million shares for gross proceeds of \$20.5 million during 2017, and the issuance of 478,000 shares for gross proceeds of \$6.3 million during the three months ended March 31, 2018. See Note 6 Stockholder's Equity included in the notes to our consolidated financial statements appearing elsewhere in this prospectus.

The Wells Facility provides for customary events of default, including, without limitation, with respect to payment defaults, breach of representations and covenants, certain key person provisions, cross acceleration provisions to certain other debt, lien and judgment limitations, and bankruptcy.

On June 20, 2011, we paid \$1.1 million in structuring fees in connection with the original Wells Facility. In connection with an amendment to the original Wells Facility in August 2014, we paid an additional \$750,000 in structuring fees and in connection with the amendment in December 2015, we paid an additional \$188,000 in structuring fees. These fees are being amortized through the end of the term of the Wells Facility.

We did not make any draws or repayments on the available facility during the three months ended March 31, 2018. We had aggregate draws of \$8.5 million on the available facility during the three months ended March 31, 2017 offset by repayments of \$13.5 million. There were no borrowings outstanding on the facility as of March 31, 2018 and December 31, 2017.

For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the Wells Facility are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$	\$ 2
Amortization of debt issuance cost (loan fees)	44	107
Total interest expense and fees	\$ 44	\$ 109
Cash paid for interest expense	\$	\$ 256

Union Bank Facility

On May 5, 2016, we, through a special purpose wholly owned subsidiary, Hercules Funding III LLC (Hercules Funding III), as borrower, entered into the Union Bank Facility with MUFG Union Bank, as the arranger and administrative agent, and the lenders party to the Union Bank Facility from time to time. The Union Bank Facility replaced the Prior Union Bank Facility. Any references to amounts related to the Union Bank Facility prior to May 5, 2016 were incurred and relate to the Prior Union Bank Facility.

On July 18, 2016, we entered into the First Amendment to the Loan and Security Agreement, dated as of May 5, 2016 with MUFG Union Bank, N.A. The Amendment amends certain definitions relating to borrowings which accrue interest based on the London Interbank Offered Rate (LIBOR Loans) and (ii) the method(s) for calculating interest on and the paying of certain fees related to such LIBOR Loans.

Under the Union Bank Facility, MUFG Union Bank made commitments of \$75.0 million. The Union Bank Facility contains an accordion feature, in which we can increase the credit line up to an aggregate of \$200.0 million, funded by additional lenders and with the agreement of MUFG Union Bank and subject to other customary conditions. There can be no assurances that additional lenders will join the Union Bank Facility to increase available borrowings. Borrowings under the Union Bank Facility generally bear interest at either (i) if such borrowing is a base rate loan, a base rate per annum equal to the federal funds rate plus 1.00%, LIBOR plus 1.00% or MUFG Union Bank's prime rate, in each case, plus a margin of 1.25% or (ii) if such borrowing is a LIBOR loan, a rate per annum equal to LIBOR plus 3.25%, and the Union Bank Facility generally has an advance rate of 50% against eligible debt investments. The Union Bank Facility is secured by all of the assets of Hercules Funding III.

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We paid a one-time \$562,500 structuring fee in connection with the Union Bank Facility. The Union Bank Facility requires payment of a non-use fee during the revolving credit availability period on a scale of 0.25% to 0.50% depending on the average monthly outstanding balance under the facility relative to the maximum amount of commitments at such time. For the three months ended March 31, 2018, the company incurred non-use fees of \$94,000. For the three months ended March 31, 2017, the company incurred non-use fees under the Prior Union Bank Facility of \$94,000.

The Union Bank Facility also includes various financial and other covenants applicable to us and our subsidiaries, in addition to those applicable to Hercules Funding III, including covenants relating to certain changes of control of the Company and Hercules Funding III. Among other things, these covenants also require us to maintain certain financial ratios, including a maximum debt to worth ratio, minimum interest coverage ratio, minimum portfolio funding liquidity, and a minimum tangible net worth in an amount that is in excess of \$500.0 million plus 90% of the cumulative amount of equity raised after June 30, 2014.

As of March 31, 2018, the minimum tangible net worth covenant increased to \$789.2 million as a result the public offering of 18.2 million shares of common stock issued for a total net proceeds of approximately \$239.8 million under the Prior Equity Distribution Agreement through February 2017, and the issuance of 1.6 million shares for net proceeds of \$20.0 million during 2017, and the issuance of 478,000 shares for net proceeds of \$6.0 million during the three months ended March 31, 2018 under the Equity Distribution Agreement. See Note 6 Stockholders' Equity included in the notes to our consolidated financial statements appearing elsewhere in this prospectus.

The Union Bank Facility provides for customary events of default, including with respect to payment defaults, breach of representations and covenants, servicer defaults, certain key person provisions, cross default provisions to certain other debt, lien and judgment limitations, and bankruptcy.

The Union Bank Facility matures on May 5, 2020, unless terminated sooner in accordance with its terms.

In connection with the Union Bank Facility, we and Hercules Funding III also entered into the Sale and Servicing Agreement, dated May 5, 2016 (the "Sale Agreement"), by and among Hercules Funding III, as borrower, us, as originator and servicer, and MUFG Union Bank, as agent. Under the Sale Agreement, we agree to (i) sell or transfer certain loans to Hercules Funding III under the MUFG Union Bank Facility and (ii) act as servicer for the loans sold or transferred.

We did not make any draws or repayments on the available facility during the three months ended March 31, 2018 and 2017. At March 31, 2018 and December 31, 2017, there were no borrowings outstanding on the Union Bank Facility.

For the three months ended March 31, 2018 and 2017, the components of interest expense and related fees and cash paid for interest expense for the previous and current Union Bank Facility are as follows:

(in thousands)	Three Months Ended March 31,	
	2018	2017
Interest expense	\$	\$
Amortization of debt issuance cost (loan fees)	74	112
Total interest expense and fees	\$ 74	\$ 112
Cash paid for interest expense	\$	\$

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The following table summarizes our distributions declared and paid, to be paid or reinvested on all shares, including restricted stock, to date:

Date Declared	Record Date	Payment Date	Amount Per Share
Cumulative distributions declared and paid prior to January 1, 2016			\$ 11.23
February 17, 2016	March 7, 2016	March 14, 2016	0.31
April 27, 2016	May 16, 2016	May 23, 2016	0.31
July 27, 2016	August 15, 2016	August 22, 2016	0.31
October 24, 2016	November 14, 2016	November 21, 2016	0.31
February 16, 2017	March 6, 2017	March 13, 2017	0.31
April 26, 2017	May 15, 2017	May 22, 2017	0.31
July 26, 2017	August 14, 2017	August 21, 2017	0.31
October 25, 2017	November 13, 2017	November 20, 2017	0.31
February 14, 2018	March 5, 2018	March 12, 2018	0.31
April 25, 2018	May 14, 2018	May 21, 2018	0.31
			\$ 14.33

On April 25, 2018, the Board of Directors declared a cash distribution of \$0.31 per share to be paid on May 21, 2018 to stockholders of record as of May 14, 2018. This distribution represents our fifty-first consecutive distribution since our IPO, bringing the total cumulative distribution to date to \$14.33 per share.

Our Board of Directors maintains a variable distribution policy with the objective of distributing four quarterly distributions in an amount that approximates 90-100% of our taxable quarterly income or potential annual income for a particular taxable year. In addition, at the end of our taxable year, our Board of Directors may choose to pay an additional special distribution, or fifth distribution, so that we may distribute approximately all of our annual taxable income in the taxable year in which it was earned, or may elect to maintain the option to spill over our excess taxable income into the following taxable year as part of any future distribution payments.

Distributions from our taxable income (including gains) to a stockholder generally will be treated as a dividend for U.S. federal income tax purposes to the extent of such stockholder's allocable share of our current or accumulated earnings and profits. Distributions in excess of our current and accumulated earnings and profits would generally be treated first as a return of capital to the extent of a stockholder's tax basis in our shares, and any remaining distributions would be treated as a capital gain. The determination of the tax attributes of our distributions is made annually as of the end of our taxable year based upon our taxable income for the full taxable year and distributions paid for the full taxable year. As a result, any determination of the tax attributes of our distributions made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full taxable year. Of the distributions declared during the fiscal years ended December 31, 2017, 2016, and 2015, 100% were distributions derived from our current and accumulated earnings and profits.

During the three months ended March 31, 2018, we declared a distribution of \$0.31 per share. If we had determined the tax attributes of our distributions year-to-date as of March 31, 2018, 100% would be from our current and accumulated earnings and profits. However, there can be no certainty to stockholders that this determination is representative of what the tax attributes of our 2018 distributions to stockholders will actually be.

We maintain an opt-out dividend reinvestment plan that provides for reinvestment of our distribution on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if our Board of Directors authorizes, and we declare a cash distribution, then our stockholders who have not opted out of our dividend

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reinvestment plan will have their cash distribution automatically reinvested in additional shares of our common stock, rather than receiving the cash distributions.

Shortly after the close of each calendar year information identifying the source of the distribution (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of paid-in-capital surplus which is a nontaxable distribution, if any) will be provided to our stockholders subject to information reporting. To the extent our taxable earnings fall below the total amount of our distributions for any taxable year, a portion of those distributions may be deemed a tax return of capital to our stockholders.

We expect to qualify to be subject to tax as a RIC under Subchapter M of the Code. In order to be subject to tax as a RIC, we are required to satisfy certain annual gross income and quarterly asset composition tests, as well as make distributions to our stockholders each taxable year treated as dividends for U.S. federal income tax purposes of an amount at least equal to 90% of the sum of our investment company taxable income, determined without regard to any deduction for dividends paid, plus our net tax-exempt income, if any. Upon being eligible to be subject to tax as a RIC, we would be entitled to deduct such distributions we pay to our stockholders in determining the overall components of our taxable income. Components of our taxable income include our taxable interest, dividend and fee income, reduced by certain deductions, as well as taxable net realized securities gains. Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses and generally excludes net unrealized appreciation or depreciation as such gains or losses are not included in taxable income until they are realized. In connection with maintaining our ability to be subject to tax as a RIC, among other things, we have made and intend to continue to make the requisite distributions to our stockholders each taxable year, which generally should relieve us from corporate-level U.S. federal income taxes.

As a RIC, we will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year of an amount generally at least equal to the Excise Tax Avoidance Requirement. We will not be subject to this excise tax on any amount on which we incurred U.S. federal corporate income tax (such as the tax imposed on a RIC's retained net capital gains).

Depending on the level of taxable income earned in a taxable year, we may choose to carry over taxable income in excess of current taxable year distributions treated as dividends for U.S. federal income tax purposes from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions treated as dividends for U.S. federal income tax purposes paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent we choose to carry over taxable income into the next taxable year, distributions declared and paid by us in a taxable year may differ from our taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. Our ability to make distributions will be limited by the asset coverage requirements under the 1940 Act.

We intend to distribute 100% of our spillover earnings, which consists of ordinary income, from the year ended December 31, 2017 to our stockholders during 2018.

Critical Accounting Policies

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts

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of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and revenues and expenses during the period reported. On an ongoing basis, our management evaluates its estimates and assumptions, which are based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from those estimates. Changes in our estimates and assumptions could materially impact our results of operations and financial condition.

Reclassification

Certain balances from prior years have been reclassified in order to conform to the current year presentation.

Valuation of Investments

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded.

At March 31, 2018, approximately 91.6% of our total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. Our investments are carried at fair value in accordance with the 1940 Act and ASC Topic 946 and measured in accordance with ASC Topic 820. Our debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of our investments in these portfolio companies are considered Level 3 assets under ASC Topic 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, we value substantially all of our investments at fair value as determined in good faith pursuant to a consistent valuation policy by our Board of Directors in accordance with the provisions of ASC Topic 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of our investments determined in good faith by our Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

We may from time to time engage an independent valuation firm to provide us with valuation assistance with respect to certain of our portfolio investments. We engage independent valuation firms on a discretionary basis. Specifically, on a quarterly basis, we will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. We select these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm.

We intend to continue to engage an independent valuation firm to provide us with assistance regarding our determination of the fair value of selected portfolio investments each quarter unless directed by the Board of Directors to cancel such valuation services. The scope of the services rendered by an independent valuation firm is at the discretion of the Board of Directors. Our Board of Directors is ultimately, and solely, responsible for determining the fair value of our investments in good faith.

Refer to Note 2 Summary of Significant Accounting Policies included in the notes to our consolidated financial statements appearing elsewhere in this prospectus for a discussion of our valuation policies for the three months ended March 31, 2018.

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Income Recognition

See [Changes in Portfolio](#) for a discussion of our income recognition policies and results during the three months ended March 31, 2018. See [Results of Operations](#) for a comparison of investment income for the three months ended March 31, 2018 and 2017.

Stock Based Compensation

We have issued and may, from time to time, issue stock options and restricted stock to employees under our 2004 Equity Incentive Plan and to Board members under our 2006 Equity Incentive Plan prior to its expiration on June 21, 2017. We follow the guidelines set forth under ASC Topic 718, ([Compensation Stock Compensation](#)) to account for stock options granted. Under ASC Topic 718, compensation expense associated with stock-based compensation is measured at the grant date based on the fair value of the award and is recognized over the vesting period. Determining the appropriate fair value model and calculating the fair value of stock-based awards at the grant date requires judgment, including estimating stock price volatility, forfeiture rate and expected option life.

Recent Accounting Pronouncements

In January 2016, the FASB issued Accounting Standards Update (ASU) 2016-01, [Financial Instruments Overall \(Subtopic 825-10\): Recognition and Measurement of Financial Assets and Financial Liabilities](#), which, among other things, requires that (i) all equity investments, other than equity-method investments, in unconsolidated entities generally be measured at fair value through earnings and (ii) an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. Additionally, the ASU changes the disclosure requirements for financial instruments. ASU 2016-01 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

In February 2016, the FASB issued ASU 2016-02, [Leases \(Topic 842\)](#), which, among other things, requires recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Additionally, the ASU requires the classification of all cash payments on leases within operating activities in the Consolidated Statement of Cash Flows. ASU 2016-02 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2018. Early adoption is permitted. We anticipate an increase in the recognition of right-of-use assets and lease liabilities, however, we do not believe that ASU 2016-02 will have a material impact on our consolidated financial statements and disclosures.

In August 2016, the FASB issued ASU 2016-15, [Statement of Cash Flows \(Topic 230\): Classification of Certain Cash Receipts and Cash Payments](#), which addresses eight specific cash flow issues including, among other things, the classification of debt prepayment or debt extinguishment costs. ASU 2016-15 is effective for annual reporting periods, and the interim periods within those periods, beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

In October 2016, the SEC adopted new rules and forms and amended other rules to enhance the reporting and disclosure of information by registered investment companies. As part of these changes, the SEC amended Regulation S-X to standardize and enhance disclosures in investment company financial statements. Implementation of the new or amended rules is required for reporting periods ending after August 1, 2017. We have reviewed the requirements and adopted the amendments to Regulation S-X on our consolidated financial statements and related disclosures for the periods presented.

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In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The new guidance is effective for interim and annual periods beginning after December 15, 2017. We have adopted this standard, which did not have a material impact, on our consolidated financial statements and related disclosures for the periods presented.

Quantitative and Qualitative Disclosure About Market Risk

We are subject to financial market risks, including changes in interest rates. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments, cash and cash equivalents and idle fund investments. Our investment income will be affected by changes in various interest rates, including LIBOR and Prime rates, to the extent our debt investments include variable interest rates. As of March 31, 2018, approximately 96.5% of the loans in our portfolio had variable rates based on floating Prime or LIBOR rates with a floor. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio.

Based on our Consolidated Statement of Assets and Liabilities as of March 31, 2018, the following table shows the approximate annualized increase (decrease) in components of net assets resulting from operations of hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings.

(in thousands)

Basis Point Change	Interest Income	Interest Expense	Net Income	EPS⁽¹⁾
25	\$ 3,088	\$	\$ 3,088	\$ 0.04
50	\$ 6,197	\$	\$ 6,197	\$ 0.07
75	\$ 9,394	\$	\$ 9,394	\$ 0.11
100	\$ 12,591	\$	\$ 12,591	\$ 0.15
200	\$ 25,791	\$	\$ 25,791	\$ 0.30
300	\$ 38,578	\$	\$ 38,578	\$ 0.46

(1) Earnings per share impact calculated based on basic weighted average shares outstanding of 84,596.

We do not currently engage in any hedging activities. However, we may, in the future, hedge against interest rate fluctuations (and foreign currency) by using standard hedging instruments such as futures, options, and forward contracts. While hedging activities may insulate us against changes in interest rates (and foreign currency), they may also limit our ability to participate in the benefits of lower interest rates with respect to our borrowed funds and higher interest rates with respect to our portfolio of investments. During the three months ended March 31, 2018, we did not engage in interest rate (or foreign currency) hedging activities.

Although we believe that the foregoing analysis is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in the credit market, credit quality, size and composition of the assets in our portfolio. It also does not adjust for other business developments, including borrowings under our SBA debentures, 2022 Notes, 2024 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities, that could affect the net increase in net assets resulting from operations, or net income. It also does not assume any repayments from borrowers. Accordingly, no assurances can be given that actual results would not differ materially from the statement above.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at

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which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by variable rate assets in our investment portfolio.

For additional information regarding the interest rate associated with each of our SBA debentures, 2022 Notes, 2024 Notes, 2025 Notes, 2021 Asset-Backed Notes, 2022 Convertible Notes, and Credit Facilities, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Condition, Liquidity and Capital Resources Outstanding Borrowings in this prospectus.

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BUSINESS

We are a specialty finance company focused on providing senior secured loans to high-growth, innovative venture capital-backed companies in a variety of technology, life sciences and sustainable and renewable technology industries. We source our investments through our principal office located in Palo Alto, CA, as well as through our additional offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT and San Diego, CA.

Our goal is to be the leading structured debt financing provider for venture capital-backed companies in technology-related industries requiring sophisticated and customized financing solutions. Our strategy is to evaluate and invest in a broad range of technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology and to offer a full suite of growth capital products. We focus our investments in companies active in the technology industry sub-sectors characterized by products or services that require advanced technologies, including, but not limited to, computer software and hardware, networking systems, semiconductors, semiconductor capital equipment, information technology infrastructure or services, internet consumer and business services, telecommunications, telecommunications equipment, renewable or alternative energy, media and life sciences. Within the life sciences sub-sector, we generally focus on medical devices, bio-pharmaceutical, drug discovery, drug delivery, health care services and information systems companies. Within the sustainable and renewable technology sub-sector, we focus on sustainable and renewable energy technologies and energy efficiency and monitoring technologies. We refer to all of these companies as technology-related companies and intend, under normal circumstances, to invest at least 80% of the value of our total assets in such businesses.

We invest primarily in structured debt with warrants and, to a lesser extent, in senior debt and equity investments. We invest primarily in private companies but also have investments in public companies. We use the term structured debt with warrants to refer to any debt investment, such as a senior or subordinated secured loan, that is coupled with an equity component, including warrants, options or other rights to purchase common or preferred stock. Our structured debt with warrants investments typically are secured by some or all of the assets of the portfolio company. We also provide unitranche loans, which are loans that combine both senior and mezzanine debt, generally in a first lien position.

Our investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our warrant and equity-related investments. Our primary business objectives are to increase our net income, net operating income and NAV by investing in structured debt with warrants and equity of venture capital-backed companies in technology-related industries with attractive current yields and the potential for equity appreciation and realized gains. Our equity ownership in our portfolio companies may exceed 25% of the voting securities of such companies, which represents a controlling interest under the 1940 Act. In some cases, we receive the right to make additional equity investments in our portfolio companies in connection with future equity financing rounds. Capital that we provide directly to venture capital-backed companies in technology-related industries is generally used for growth and general working capital purposes as well as in select cases for acquisitions or recapitalizations.

We also make investments in qualifying small businesses through our two wholly-owned SBICs. Our SBIC subsidiaries, HT II and HT III hold approximately \$113.1 million and \$285.8 million in assets, respectively, and accounted for approximately 5.7% and 14.4% of our total assets, respectively, prior to consolidation at March 31, 2018. At March 31, 2018, we have issued \$190.2 million in SBA-guaranteed debentures in our SBIC subsidiaries. See Regulation Small Business Administration Regulations for additional information regarding our SBIC subsidiaries.

We regularly engage in discussions with third parties with respect to various potential transactions. We may acquire an investment or a portfolio of investments or an entire company or sell a portion of our portfolio on an opportunistic basis. We, our subsidiaries or our affiliates, may also agree to manage certain other funds that

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invest in debt, equity or provide other financing or services to companies in a variety of industries for which we may earn management or other fees for our services. We may also invest in the equity of these funds, along with other third parties, from which we would seek to earn a return and/or future incentive allocations. Some of these transactions could be material to our business. Consummation of any such transaction will be subject to completion of due diligence, finalization of key business and financial terms (including price) and negotiation of final definitive documentation as well as a number of other factors and conditions including, without limitation, the approval of our Board of Directors and required regulatory or third party consents and, in certain cases, the approval of our stockholders. Accordingly, there can be no assurance that any such transaction would be consummated. Any of these transactions or funds may require significant management resources either during the transaction phase or on an ongoing basis depending on the terms of the transaction.

CORPORATE HISTORY AND OFFICES

We are a Maryland corporation formed in December 2003 that began investment operations in September 2004. On February 25, 2016, we changed our name from Hercules Technology Growth Capital, Inc. to Hercules Capital, Inc. We are an internally managed, non-diversified closed-end investment company that has elected to be regulated as a business development company under the 1940 Act. As a business development company, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in qualifying assets, including securities of private U.S. companies, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. A business development company also must meet a coverage ratio of total net assets to total senior securities, which include all of our borrowings (including accrued interest payable) except for debentures issued by the SBA and any preferred stock we may issue in the future, of at least 200% (or 150%, subject to certain approval and disclosure requirements) subsequent to each borrowing or issuance of senior securities. See Regulation.

Our portfolio is comprised of, and we anticipate that our portfolio will continue to be comprised of, investments primarily in technology-related companies at various stages of their development. Consistent with regulatory requirements, we invest primarily in United States based companies and, to a lesser extent, in foreign companies.

We are internally managed under the supervision of our Board of Directors. We do not pay management or advisory fees, but instead incur costs customary for an operating company. Some of those costs include recruiting and marketing expenses as well as the costs associated with employing management, investment and portfolio management professionals, and technology, secretarial and other support personnel. In connection with our recruiting, branding and marketing efforts, we may, among other things, make charitable contributions in amounts we believe to be immaterial. We believe that many of these contributions help us raise our profile in the communities and benefit us in attracting and retaining talent and investment opportunities.

Effective January 1, 2006, we elected to be treated for tax purposes as a RIC under the Code. Pursuant to this election, we generally will not have to pay corporate-level taxes on any income that we distribute to our stockholders. However, our qualification and election to be treated as a RIC requires that we comply with provisions contained in the Code. For example, as a RIC we must receive 90% or more of our income from qualified earnings, typically referred to as good income, as well as satisfy asset diversification and income distribution requirements. As an investment company, we follow accounting and reporting guidance as set forth in Topic 946 of FASB's ASC.

Our principal executive offices are located at 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301, and our telephone number is (650) 289-3060. We also have offices in Boston, MA, New York, NY, Washington, DC, Hartford, CT and San Diego, CA. We maintain a website on the Internet at www.htgc.com. We make available, free of charge, on our website our proxy statement, annual report on Form 10-K, quarterly reports on

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Form 10-Q, current reports on Form 8-K and amendments to those reports as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus.

We file annual, quarterly and current periodic reports, proxy statements and other information with the SEC under the Exchange Act. This information is available at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the operation of the SEC's public reference room by calling the SEC at (202) 551-8090. In addition, the SEC maintains an Internet website, at www.sec.gov, that contains reports, proxy and information statements, and other information regarding issuers, including us, who file documents electronically with the SEC.

OUR MARKET OPPORTUNITY

We believe that technology-related companies compete in one of the largest and most rapidly growing sectors of the U.S. economy and that continued growth is supported by ongoing innovation and performance improvements in technology products as well as the adoption of technology across virtually all industries in response to competitive pressures. We believe that an attractive market opportunity exists for a specialty finance company focused primarily on investments in structured debt with warrants in technology-related companies for the following reasons:

technology-related companies have generally been underserved by traditional lending sources;

unfulfilled demand exists for structured debt financing to technology-related companies due to the complexity of evaluating risk in these investments; and

structured debt with warrants products are less dilutive and complement equity financing from venture capital and private equity funds.

Technology-Related Companies are Underserved by Traditional Lenders. We believe many viable technology-related companies backed by financial sponsors have been unable to obtain sufficient growth financing from traditional lenders, including financial services companies such as commercial banks and finance companies because traditional lenders have continued to consolidate and have adopted a more risk-averse approach to lending. More importantly, we believe traditional lenders are typically unable to underwrite the risk associated with these companies effectively.

The unique cash flow characteristics of many technology-related companies typically include significant research and development expenditures and high projected revenue growth thus often making such companies difficult to evaluate from a credit perspective. In addition, the balance sheets of these companies often include a disproportionately large amount of intellectual property assets, which can be difficult to value. Finally, the speed of innovation in technology and rapid shifts in consumer demand and market share add to the difficulty in evaluating technology-related companies.

Due to the difficulties described above, we believe traditional lenders generally refrain from entering the structured debt financing marketplace, instead preferring the risk-reward profile of asset-based lending. Traditional lenders generally do not have flexible product offerings that meet the needs of technology-related companies. The financing products offered by traditional lenders typically impose on borrowers many restrictive covenants and conditions, including limiting cash outflows and requiring a significant depository relationship to facilitate rapid liquidation.

Unfulfilled Demand for Structured Debt Financing to Technology-Related Companies. Private debt capital in the form of structured debt financing from specialty finance companies continues to be an important source of funding for technology-related companies. We believe that the level of demand for structured debt financing is a function of the level of annual venture equity investment activity.

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We believe that demand for structured debt financing is currently underserved. The venture capital market for the technology-related companies in which we invest has been active. Therefore, to the extent we have capital available, we believe this is an opportune time to be active in the structured lending market for technology-related companies.

Structured Debt with Warrants Products Complement Equity Financing From Venture Capital and Private Equity Funds. We believe that technology-related companies and their financial sponsors will continue to view structured debt securities as an attractive source of capital because it augments the capital provided by venture capital and private equity funds. We believe that our structured debt with warrants products provide access to growth capital that otherwise may only be available through incremental investments by existing equity investors. As such, we provide portfolio companies and their financial sponsors with an opportunity to diversify their capital sources. Generally, we believe many technology-related companies at all stages of development target a portion of their capital to be debt in an attempt to achieve a higher valuation through internal growth. In addition, because financial sponsor-backed companies have reached a more mature stage prior to reaching a liquidity event, we believe our investments could provide the debt capital needed to grow or recapitalize during the extended period sometimes required prior to liquidity events.

OUR BUSINESS STRATEGY

Our strategy to achieve our investment objective includes the following key elements:

Leverage the Experience and Industry Relationships of Our Management Team and Investment Professionals. We have assembled a team of experienced investment professionals with extensive experience as venture capitalists, commercial lenders, and originators of structured debt and equity investments in technology-related companies. Our investment professionals have, on average, more than 15 years of experience as equity investors in, and/or lenders to, technology-related companies. In addition, our team members have originated structured debt, debt with warrants and equity investments in over 420 technology-related companies, representing more than \$7.6 billion in commitments from inception to March 31, 2018, and have developed a network of industry contacts with investors and other participants within the venture capital and private equity communities. In addition, members of our management team also have operational, research and development and finance experience with technology-related companies. We have established contacts with leading venture capital and private equity fund sponsors, public and private companies, research institutions and other industry participants, which we believe will enable us to identify and attract well-positioned prospective portfolio companies.

We focus our investing activities generally in industries in which our investment professionals have investment experience. We believe that our focus on financing technology-related companies will enable us to leverage our expertise in structuring prospective investments, to assess the value of both tangible and intangible assets, to evaluate the business prospects and operating characteristics of technology-related companies and to identify and originate potentially attractive investments with these types of companies.

Mitigate Risk of Principal Loss and Build a Portfolio of Equity-Related Securities. We expect that our investments have the potential to produce attractive risk-adjusted returns through current income, in the form of interest and fee income, as well as capital appreciation from warrant and equity-related securities. We believe that we can mitigate the risk of loss on our debt investments through the combination of loan principal amortization, cash interest payments, relatively short maturities (typically between 24-48 months), security interests in the assets of our portfolio companies, and on select investment covenants requiring prospective portfolio companies to have certain amounts of available cash at the time of our investment and the continued support from a venture capital or private equity firm at the time we make our investment. Although we do not currently engage in hedging transactions, we may engage in hedging transactions in the future utilizing instruments such as forward contracts, currency options and interest rate swaps, caps, collars, and floors.

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Historically our structured debt investments to technology-related companies typically include warrants or other equity interests, giving us the potential to realize equity-like returns on a portion of our investment. In addition, in some cases, we receive the right to make additional equity investments in our portfolio companies, including the right to convert some portion of our debt into equity, in connection with future equity financing rounds. We believe these equity interests will create the potential for meaningful long-term capital gains in connection with the future liquidity events of these technology-related companies.

Provide Customized Financing Complementary to Financial Sponsors' Capital. We offer a broad range of investment structures and possess expertise and experience to effectively structure and price investments in technology-related companies. Unlike many of our competitors that only invest in companies that fit a specific set of investment parameters, we have the flexibility to structure our investments to suit the particular needs of our portfolio companies. We offer customized financing solutions ranging from senior debt, including below-investment grade debt instruments (also known as "junk bonds"), to equity capital, with a focus on structured debt with warrants.

We use our relationships in the financial sponsor community to originate investment opportunities. Because venture capital and private equity funds typically invest solely in the equity securities of their portfolio companies, we believe that our debt investments will be viewed as an attractive and complimentary source of capital, both by the portfolio company and by the portfolio company's financial sponsor. In addition, we believe that many venture capital and private equity fund sponsors encourage their portfolio companies to use debt financing for a portion of their capital needs as a means of potentially enhancing equity returns, minimizing equity dilution and increasing valuations prior to a subsequent equity financing round or a liquidity event.

Invest at Various Stages of Development. We provide growth capital to technology-related companies at all stages of development, including select publicly listed companies and select special opportunity lower middle market companies that require additional capital to fund acquisitions, recapitalizations and refinancings and established-stage companies. We believe that this provides us with a broader range of potential investment opportunities than those available to many of our competitors, who generally focus their investments on a particular stage in a company's development. Because of the flexible structure of our investments and the extensive experience of our investment professionals, we believe we are well positioned to take advantage of these investment opportunities at all stages of prospective portfolio companies' development.

Benefit from Our Efficient Organizational Structure. We believe that the perpetual nature of our corporate structure enables us to be a long-term partner for our portfolio companies in contrast to traditional investment funds, which typically have a limited life. In addition, because of our access to the equity markets, we believe that we may benefit from a lower cost of capital than that available to private investment funds. We are not subject to requirements to return invested capital to investors nor do we have a finite investment horizon. Capital providers that are subject to such limitations are often required to seek a liquidity event more quickly than they otherwise might, which can result in a lower overall return on an investment.

Deal Sourcing Through Our Proprietary Database. We have developed a proprietary and comprehensive SQL database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. As of March 31, 2018, our proprietary SQL-based database system included approximately 48,810 technology-related companies and approximately 10,400 venture capital firms, private equity sponsors/investors, as well as various other industry contacts. This proprietary SQL system allows us to maintain, cultivate and grow our industry relationships while providing us with comprehensive details on companies in the technology-related industries and their financial sponsors.

OUR INVESTMENTS AND OPERATIONS

We principally invest in debt securities and, to a lesser extent, equity securities, with a particular emphasis on structured debt with warrants.

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We generally seek to invest in companies that have been operating for at least six to 12 months prior to the date of our investment. We anticipate that such entities may, at the time of investment, be generating revenues or will have a business plan that anticipates generation of revenues within 24 to 48 months. Further, we anticipate that on the date of our investment we will generally obtain a lien on available assets, which may or may not include intellectual property, and these companies will have sufficient cash on their balance sheet to operate as well as potentially amortize their debt for at least three to nine months following our investment. We generally require that a prospective portfolio company, in addition to having sufficient capital to support leverage, demonstrate an operating plan capable of generating cash flows or raising the additional capital necessary to cover its operating expenses and service its debt, for an additional six to 12 months subject to market conditions.

We expect that our investments will generally range from \$12.0 million to \$40.0 million, although we may make investments in amounts above or below this range. We typically structure our debt securities to provide for amortization of principal over the life of the loan, but may include a period of interest-only payments. Our loans will typically be collateralized by a security interest in the borrower's assets, although we may not have the first claim on these assets and the assets may not include intellectual property. Our debt investments carry fixed or variable contractual interest rates which generally ranged from approximately 5.1% to 14.5% as of March 31, 2018. As of March 31, 2018, approximately 96.5% of our loans were at floating rates or floating rates with a floor and 3.5% of the loans were at fixed rates.

In addition to the cash yields received on our loans, our loans generally include one or more of the following: exit fees, balloon payment fees, commitment fees, success fees or prepayment fees. In some cases our loans also include contractual PIK interest arrangements. The increases in loan balances as a result of contractual PIK arrangements are included in income for the period in which such PIK interest was accrued, which is often in advance of receiving cash payment, and are separately identified on our statements of cash flows. We also may be required to include in income for tax purposes certain other amounts prior to receiving the related cash.

In addition, the majority of our investments in the structured debt of venture capital-backed companies generally have equity enhancement features, typically in the form of warrants or other equity-related securities that are considered OID to our loans and are designed to provide us with an opportunity for potential capital appreciation. The warrants typically will be immediately exercisable upon issuance and generally will remain exercisable for the lesser of five to ten years or three to five years after completion of an IPO. The exercise prices for the warrants varies from nominal exercise prices to exercise prices that are at or above the current fair market value of the equity for which we receive warrants. We may structure warrants to provide minority rights provisions or on a very select basis put rights upon the occurrence of certain events. We generally target a total annualized return (including interest, fees and value of warrants) of 12% to 25% for our debt investments.

Typically, our structured debt and equity investments take one of the following forms:

Structured Debt with Warrants. We seek to invest a majority of our assets in structured debt with warrants of prospective portfolio companies. Our investments in structured debt with warrants may be the only debt capital on the balance sheet of our portfolio companies, and in many cases we have a first priority security interest in all of our portfolio company's assets, or in certain investments we may have a negative pledge on intellectual property. Our structured debt with warrants typically has a maturity of between two and seven years, and they may provide for full amortization after an interest only period. Our structured debt with warrants generally carries a contractual interest rate up to 14.5% and may include an additional exit fee payment or contractual PIK interest arrangements. We may structure our structured debt with warrants with restrictive affirmative and negative covenants, default penalties, prepayment penalties, lien protection, equity calls, change-in-control provisions or board observation rights.

Senior Debt. We seek to invest a limited portion of our assets in senior debt. Senior debt may be collateralized by accounts receivable and/or inventory financing of prospective portfolio companies. Senior debt has a senior position with respect to a borrower's scheduled interest and principal payments

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and holds a first priority security interest in the assets pledged as collateral. Senior debt also may impose covenants on a borrower with regard to cash flows and changes in capital structure, among other items. We generally collateralize our investments by obtaining security interests in our portfolio companies' assets, which may include their intellectual property. In other cases we may obtain a negative pledge covering a company's intellectual property. Our senior loans, in certain instances, may be tied to the financing of specific assets. In connection with a senior debt investment, we may also provide the borrower with a working capital line-of-credit that will carry an interest rate ranging from Prime or LIBOR plus a spread with a floor, generally maturing in one to three years, and typically secured by accounts receivable and/or inventory.

Equipment Loans. We intend to invest a limited portion of our assets in equipment-based loans to early-stage prospective portfolio companies. Equipment-based loans are secured by a first priority security interest in only the specific assets financed. These loans are generally for amounts of \$1.0 million to \$3.0 million but may be up to \$15.0 million, carry a contractual interest rate between Prime and Prime plus 9.0%, and have an average term between three and four years. Equipment loans may also include exit fee payments.

Equity-Related Securities. The equity-related securities we hold consist primarily of warrants or other equity interests generally obtained in connection with our structured debt investments. In addition to the warrants received as a part of a structured debt financing, we typically receive the right to make equity investments in a portfolio company in connection with that company's next round of equity financing. We may also hold certain debt investments that have the right to convert a portion of the debt investment into equity. These rights will provide us with the opportunity to further enhance our returns over time through opportunistic equity investments in our portfolio companies. These equity-related investments are typically in the form of preferred or common equity and may be structured with a dividend yield, providing us with a current return, and with customary anti-dilution protection and preemptive rights. We may achieve liquidity through a merger or acquisition of a portfolio company, a public offering of a portfolio company's stock or by exercising our right, if any, to require a portfolio company to buy back the equity-related securities we hold. We may also make stand-alone direct equity investments into portfolio companies in which we may not have any debt investment in the company. As of March 31, 2018, we held warrant and equity-related securities in 161 portfolio companies.

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A comparison of the typical features of our various investment alternatives is set forth in the chart below.

	Structured Debt with Warrants	Senior Debt	Equipment Loans	Equity-Related Securities
Typical Structure	Term debt with warrants	Term or revolving debt	Term debt with warrants	Preferred stock or common stock
Investment Horizon	Long-term, ranging from 2 to 7 years, with an average of 3 years	Usually under 3 years	Ranging from 3 to 4 years	Ranging from 3 to 7 years
Ranking/Security	Senior secured, either first out or last out, or second lien	Senior / First lien	Secured only by underlying equipment	None/unsecured
Covenants	Less restrictive; mostly financial	Generally borrowing base and financial	None	None
Risk Tolerance	Medium / High	Low	High	High
Coupon/Dividend	Cash pay fixed and floating rate; PIK in limited cases	Cash pay fixed or floating rate	Cash pay fixed or floating rate and may include PIK	Generally none
Customization or Flexibility	More flexible	Little to none	Little to none	Flexible
Equity Dilution	Low to medium	None to low	Low	High
Investment Criteria				

We have identified several criteria, among others, that we believe are important in achieving our investment objective with respect to prospective portfolio companies. These criteria, while not inclusive, provide general guidelines for our investment decisions.

Portfolio Composition. While we generally focus our investments in venture capital-backed companies in technology-related industries, we seek to invest across various financial sponsors as well as across various stages of companies' development and various technology industry sub-sectors and geographies. As of March 31, 2018, approximately 78.1% of the fair value of our portfolio was composed of investments in five industries: 26.5% investments in the software industry, 26.1% investments in the drug discovery & development industry, 12.0% investments in the internet consumer & business services industry, 7.8% investments in the sustainable and renewable technology industry, and 5.7% investments in the drug delivery.

Continuing Support from One or More Financial Sponsors. We generally invest in companies in which one or more established financial sponsors have previously invested and continue to make a contribution to the management of the business. We believe that having established financial sponsors with meaningful commitments to the business is a key characteristic of a prospective portfolio company. In addition, we look for representatives of one or more financial sponsors to maintain seats on the Board of Directors of a prospective portfolio company as an indication of such commitment.

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Company Stage of Development. While we invest in companies at various stages of development, we generally require that prospective portfolio companies be beyond the seed stage of development and generally have received or anticipate having commitments for their first institutional round of equity financing for early stage companies. We expect a prospective portfolio company to demonstrate progress in its product development or demonstrate a path towards revenue generation or increase its revenues and operating cash flow over time. The anticipated growth rate of a prospective portfolio company is a key factor in determining the value that we ascribe to any warrants or other equity securities that we may acquire in connection with an investment in debt securities.

Operating Plan. We generally require that a prospective portfolio company, in addition to having potential access to capital to support leverage, demonstrate an operating plan capable of generating cash flows or the ability to potentially raise the additional capital necessary to cover its operating expenses and service its debt for a specific period. Specifically, we require that a prospective portfolio company demonstrate at the time of our proposed investment that in addition to having sufficient capital to support leverage, it has an operating plan capable of generating cash flows or raising the additional capital necessary to cover its operating expenses and service its debt for an additional six to twelve months subject to market conditions.

Security Interest. In many instances we seek a first priority security interest in all of the portfolio companies' tangible and intangible assets as collateral for our debt investment, subject in some cases to permitted exceptions. In other cases we may obtain a negative pledge prohibiting a company from pledging or otherwise encumbering their intellectual property. Although we do not intend to operate as an asset-based lender, the estimated liquidation value of the assets, if any, collateralizing the debt securities that we hold is an important factor in our credit analysis and subject to assumptions that may change over the life of the investment especially when attempting to estimate the value of intellectual property. We generally evaluate both tangible assets, such as accounts receivable, inventory and equipment, and intangible assets, such as intellectual property, customer lists, networks and databases.

Covenants. Our investments may include one or more of the following covenants: cross-default; material adverse change provisions; requirements that the portfolio company provide periodic financial reports and operating metrics; and limitations on the portfolio company's ability to incur additional debt, sell assets, dividend recapture, engage in transactions with affiliates and consummate an extraordinary transaction, such as a merger or recapitalization without our consent. In addition, we may require other performance or financial based covenants, as we deem appropriate.

Exit Strategy. Prior to making a debt investment that is accompanied by an equity-related security in a prospective portfolio company, we analyze the potential for that company to increase the liquidity of its equity through a future event that would enable us to realize appreciation in the value of our equity interest. Liquidity events may include an IPO, a private sale of our equity interest to a third party, a merger or an acquisition of the company or a purchase of our equity position by the company or one of its stockholders.

Investment Process

We have organized our management team around the four key elements of our investment process:

Origination;

Underwriting;

Documentation; and

Loan and Compliance Administration.

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Our investment process is summarized in the following chart:

Origination

The origination process for our investments includes sourcing, screening, preliminary due diligence and deal structuring and negotiation, all leading to an executed non-binding term sheet. As of March 31, 2018, our investment origination team, which consists of approximately 33 investment professionals, is headed by our Chief Investment Officer and our Chief Executive Officer. The origination team is responsible for sourcing potential investment opportunities and members of the investment origination team use their extensive relationships with various leading financial sponsors, management contacts within technology-related companies, trade sources, technology conferences and various publications to source prospective portfolio companies. Our investment origination team is divided into life sciences, technology, sustainable and renewable technology, and special situation sub-teams to better source potential portfolio companies.

In addition, we have developed a proprietary and comprehensive SQL-based database system to track various aspects of our investment process including sourcing, originations, transaction monitoring and post-investment performance. This proprietary SQL system allows our origination team to maintain, cultivate and grow our industry relationships while providing our origination team with comprehensive details on companies in the technology-related industries and their financial sponsors.

If a prospective portfolio company generally meets certain underwriting criteria, we perform preliminary due diligence, which may include high level company and technology assessments, evaluation of its financial sponsors support, market analysis, competitive analysis, identifying key management, risk analysis and transaction size, pricing, return analysis and structure analysis. If the preliminary due diligence is satisfactory, and the origination team recommends moving forward, we then structure, negotiate and execute a non-binding term sheet with the potential portfolio company. Upon execution of a term sheet, the investment opportunity moves to the underwriting process to complete formal due diligence review and approval.

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Underwriting

The underwriting review includes formal due diligence and approval of the proposed investment in the portfolio company.

Due Diligence. Our due diligence on a prospective investment is typically completed by two or more investment professionals whom we define as the underwriting team. The underwriting team for a proposed investment consists of the deal sponsor who typically possesses general industry knowledge and is responsible for originating and managing the transaction, other investment professional(s) who perform due diligence, credit and corporate financial analyses and, as needed, our legal professionals. To ensure consistent underwriting, we generally use our standardized due diligence methodologies, which include due diligence on financial performance and credit risk as well as an analysis of the operations and the legal and applicable regulatory framework of a prospective portfolio company. The members of the underwriting team work together to conduct due diligence and understand the relationships among the prospective portfolio company's business plan, operations and financial performance.

As part of our evaluation of a proposed investment, the underwriting team prepares an investment memorandum for presentation to the investment committee. In preparing the investment memorandum, the underwriting team typically interviews select key management of the company and select financial sponsors and assembles information necessary to the investment decision. If and when appropriate, the investment professionals may also contact industry experts and customers, vendors or, in some cases, competitors of the company.

Approval Process. The sponsoring managing director or principal presents the investment memorandum to our investment committee for consideration. The approval of a majority of our investment committee and an affirmative vote by our Chief Executive Officer is required before we proceed with any investment. The members of our investment committee are our Chief Executive Officer, our Chief Financial Officer, and our Chief Investment Officer. The investment committee generally meets weekly and more frequently on an as-needed basis.

Documentation

Our legal department administers the documentation process for our investments. This department is responsible for documenting the transactions approved by our investment committee with a prospective portfolio company. This department negotiates loan documentation and, subject to appropriate approvals, final documents are prepared for execution by all parties. The legal department generally uses the services of external law firms to complete the necessary documentation.

Loan and Compliance Administration

Our investment committee, supported by our investment team, credit team, and finance department, administers loans and track covenant compliance, if applicable, of our investments and oversees periodic reviews of our critical functions to ensure adherence with our internal policies and procedures. After funding of a loan in accordance with the investment committee's approval, the loan is recorded in our loan administration software and our SQL-based database system. The investment team, credit team, and finance department are responsible for ensuring timely interest and principal payments and collateral management as well as advising the investment committee on the financial performance and trends of each portfolio company, including any covenant violations that occur, to aid us in assessing the appropriate course of action for each portfolio company and evaluating overall portfolio quality. In addition, the investment team and credit team advise the investment committee and the Audit Committee of our Board of Directors, accordingly, regarding the credit and investment grading for each portfolio company as well as changes in the value of collateral that may occur.

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The investment team and credit team monitor our portfolio companies in order to determine whether the companies are meeting our financing criteria and their respective business plans and also monitors the financial trends of each portfolio company from its monthly or quarterly financial statements to assess the appropriate course of action for each company and to evaluate overall portfolio quality. In addition, our management team closely monitors the status and performance of each individual company through our SQL-based database system and periodic contact with our portfolio companies' management teams and their respective financial sponsors.

Credit and Investment Grading System. Our investment team and credit team use an investment grading system to characterize and monitor our outstanding loans. Our investment team and credit team monitors and, when appropriate, recommends changes to investment grading. Our investment committee reviews the recommendations and/or changes to the investment grading, which are submitted on a quarterly basis to the Audit Committee and our Board of Directors for approval.

From time to time, we will identify investments that require closer monitoring or become workout assets. We develop a workout strategy for workout assets and our investment committee monitors the progress against the strategy. We may incur losses from our investing activities, however, we work with our troubled portfolio companies in order to recover as much of our investments as is practicable, including possibly taking control of the portfolio company. There can be no assurance that principal will be recovered.

We use the following investment grading system approved by our Board of Directors:

- Grade 1. Loans involve the least amount of risk in our portfolio. The borrower is performing above expectations, and the trends and risk profile is generally favorable.
- Grade 2. The borrower is performing as expected and the risk profile is neutral to favorable. All new loans are initially graded 2.
- Grade 3. The borrower may be performing below expectations, and the loan's risk has increased materially since origination. We increase procedures to monitor a borrower that may have limited amounts of cash remaining on the balance sheet, is approaching its next equity capital raise within the next three to six months, or if the estimated fair value of the enterprise may be lower than when the loan was originated. We will generally lower the loan grade to a grade 3 even if the company is performing in accordance to plan as it approaches the need to raise additional cash to fund its operations. Once the borrower closes its new equity capital raise, we may increase the loan grade back to grade 2 or maintain it at a grade 3 as the company continues to pursue its business plan.
- Grade 4. The borrower is performing materially below expectations, and the loan risk has substantially increased since origination. Loans graded 4 may experience some partial loss or full return of principal but are expected to realize some loss of interest which is not anticipated to be repaid in full, which, to the extent not already reflected, may require the fair value of the loan to be reduced to the amount we anticipate will be recovered. Grade 4 investments are closely monitored.
- Grade 5. The borrower is in workout, materially performing below expectations and a significant risk of principal loss is probable. Loans graded 5 will experience some partial principal loss or full loss of remaining principal outstanding is expected. Grade 5 loans will require the fair value of the loans be reduced to the amount, if any, we anticipate will be recovered.

At March 31, 2018, our investments had a weighted average investment grading of 2.43.

Managerial Assistance

As a business development company, we are required to offer, and provide upon request, managerial assistance to our portfolio companies. This assistance could involve, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. We may,

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from time to time, receive fees for these services. In the event that such fees are received, they are incorporated into our operating income and are passed through to our stockholders, given the nature of our structure as an internally managed business development company. See Regulation Significant Managerial Assistance for additional information.

COMPETITION

Our primary competitors provide financing to prospective portfolio companies and include non-bank financial institutions, federally or state chartered banks, venture debt funds, financial institutions, venture capital funds, private equity funds, investment funds and investment banks. Many of these entities have greater financial and managerial resources than we have, and the 1940 Act imposes certain regulatory restrictions on us as a business development company to which many of our competitors are not subject. Additionally, competition is especially intense from commercial venture banks. However, we believe that few of our competitors possess the expertise to properly structure and price debt investments to venture capital-backed companies in technology-related industries. We believe that our specialization in financing technology-related companies will enable us to determine a range of potential values of intellectual property assets, evaluate the business prospects and operating characteristics of prospective portfolio companies and, as a result, identify investment opportunities that produce attractive risk-adjusted returns. For additional information concerning the competitive risks we face, see Risk Factors Risks Related to our Business Structure We operate in a highly competitive market for investment opportunities, and we may not be able to compete effectively.

BROKERAGE ALLOCATIONS AND OTHER PRACTICES

Because we generally acquire and dispose of our investments in privately negotiated transactions, we typically do not use brokers in the normal course of business. However, from time to time, we may work with brokers to sell positions we have acquired in the securities of publicly listed companies or to acquire positions (principally equity) in companies where we see a market opportunity to acquire such securities at attractive valuations. In cases where we do use a broker, we do not execute transactions through any particular broker or dealer, but will seek to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we generally seek reasonably competitive execution costs, we may not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

EMPLOYEES

As of March 31, 2018, we had 64 employees, including approximately 33 investment and portfolio management professionals, all of whom have extensive experience working on financing transactions for technology-related companies.

LEGAL PROCEEDINGS

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

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The following tables set forth certain information as of March 31, 2018 regarding each portfolio company in which we had a debt or equity investment. The general terms of our loans and other investments are described in Business Our Investments and Operations. Other than these investments, our only formal relationship with our portfolio companies is the offer to make available significant managerial assistance. In addition, we may receive rights to observe the Board of Directors meetings of our portfolio companies. Amounts are presented in thousands.

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date					
Debt Investments								
Biotechnology Tools								
1-5 Years Maturity								
Excicure, Inc. ⁽¹²⁾	Biotechnology Tools	Senior Secured	September 2019		Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	\$ 4,999	\$ 5,135	\$ 5,151
8045 Lamon Avenue, Suite 410								
Skokie, IL 60077								
Subtotal: 1-5 Years Maturity							5,135	5,151
Subtotal: Biotechnology Tools (0.62%)*							5,135	5,151
Communications & Networking								
Under 1 Year Maturity								
OpenPeak, Inc. ⁽⁸⁾	Communications & Networking	Senior Secured	April 2018		Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$ 11,464	8,228	
One Riverfront Plaza,								
1037 Raymond Boulevard,								
Sixteenth Floor								
Newark, NJ 07102								
Subtotal: Under 1 Year Maturity							8,228	
Subtotal: Communications & Networking (0.00%)*							8,228	
Consumer & Business Products								
Under 1 Year Maturity								
Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2018		Interest rate PRIME + 6.00% or Floor rate of 9.50%	\$ 1,000	1,000	1,000
709N 400 W #3								
North Salt Lake, UT 84054								
Subtotal: Under 1 Year Maturity							1,000	1,000

1-5 Years Maturity

Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾ 709N 400 W #3 North Salt Lake, UT 84054	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45% or Floor rate of 10.95%, 2.95% Exit Fee	\$ 18,043	18,245	18,133
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Subtotal: 1-5 Years Maturity 18,245 18,133

Subtotal: Consumer & Business Products (2.31%)* 19,245 19,133

Diversified Financial Services

1-5 Years Maturity

Gibraltar Business Capital, LLC ⁽⁷⁾ 400 Skokie Blvd #375 Northbrook, IL 60062	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	\$ 10,000	9,802	9,802
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Subtotal: 1-5 Years Maturity 9,802 9,802

Subtotal: Diversified Financial Services (1.18%)* 9,802 9,802

Drug Delivery

Under 1 Year Maturity

Agile Therapeutics, Inc. ⁽¹¹⁾ 101 Poor Farm Road Princeton, NJ 08540	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75% or Floor rate of 9.00%, 3.70% Exit Fee	\$ 9,272	9,746	9,747
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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date					
Pulmatrix Inc. ⁽⁹⁾⁽¹¹⁾	Drug Delivery	Senior Secured	July		Interest rate PRIME + 6.25% or Floor rate of 9.50%, 3.50%	\$ 2,540	\$ 2,764	\$ 2,764
99 Hayden Avenue, Suite 390			2018		Exit Fee			
Lexington, MA 02421								
ZP OpcO, Inc (p.k.a. Zosano Pharma) ⁽¹¹⁾	Drug Delivery	Senior Secured	December		Interest rate PRIME + 2.70% or Floor rate of 7.95%, 2.87%	\$ 4,789	5,108	5,108
34790 Ardentech Court			2018		Exit Fee			
Fremont, CA 94555								
Subtotal: Under 1 Year Maturity							17,618	17,619
1-5 Years Maturity								
AcelRx Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹¹⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	March		Interest rate PRIME + 6.05% or Floor rate of 9.55%, 11.69%	\$ 16,791	17,275	17,199
351 Galveston Drive			2020		Exit Fee			
Redwood City, CA 94063								
Antares Pharma Inc. ⁽¹⁰⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	July		Interest rate PRIME + 4.50% or Floor rate of 9.25%, 4.25%	\$ 25,000	25,079	24,970
100 Princeton South, Suite 300			2022		Exit Fee			
Ewing, NJ 08628								
Edge Therapeutics, Inc. ⁽¹²⁾	Drug Delivery	Senior Secured	August		Interest rate PRIME + 4.65% or Floor rate of 9.15%, 4.95%	\$ 20,000	20,401	20,167
300 Connell Dr., Suite 4000			2020		Exit Fee			
Berkeley Heights, NJ 07922								
Subtotal: 1-5 Years Maturity							62,755	62,336
Subtotal: Drug Delivery (9.65%)*							80,373	79,955
Drug Discovery & Development Under 1 Year Maturity								
CytRx Corporation ⁽¹¹⁾⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	August		Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09%	\$ 8,946	10,393	10,393
11726 San Vicente Blvd., Suite 650			2018		Exit Fee			
Los Angeles, CA 90049								
Epirus Biopharmaceuticals, Inc. ⁽⁸⁾	Drug Discovery & Development	Senior Secured	April		Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00%	\$ 2,277	2,561	
99 High Street			2018		Exit Fee			
Boston, MA 02110-2320								
Genocea Biosciences, Inc. ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	January		Interest rate PRIME + 2.25% or Floor rate of 7.25%, 4.95%	\$ 13,316	14,005	14,005
100 Acorn Park Drive, 5th Floor			2019		Exit Fee			

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Cambridge, MA 02140

Subtotal: Under 1 Year Maturity 26,959 24,398

1-5 Years Maturity

Auris Medical Holding, AG ⁽⁵⁾⁽¹⁰⁾ Dornacherstrasse 210 CH-4053, Basel Switzerland	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	\$ 8,836	9,199	9,204
Aveo Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹³⁾ One Broadway, 9th Floor Cambridge, MA 02142	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit	\$ 10,000	9,936	9,818
	Drug Discovery & Development	Senior Secured	July 2021	Fee Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	\$ 10,000	9,990	9,948
Total Aveo Pharmaceuticals, Inc.					\$ 20,000	19,926	19,766
Axovant Sciences Ltd. ⁽⁵⁾⁽¹⁰⁾ 11 Times Square, 33rd Floor New York, NY 10036	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	\$ 55,000	53,783	53,670
Brickell Biotech, Inc. ⁽¹²⁾ 5777 Central Ave, Suite 102 Boulder, CO 80301	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.49% Exit Fee	\$ 5,834	6,178	6,166
Chemocentryx, Inc. ⁽¹⁰⁾⁽¹⁵⁾⁽¹⁷⁾ 850 Maude Avenue Mountain View, CA 94043	Drug Discovery & Development	Senior Secured	December 2021	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	\$ 5,000	4,973	4,973

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date					
Mesoblast ⁽⁵⁾⁽¹⁰⁾ 55 Collins Street, Level 38 Melbourne, Victoria, Australia 3000	Drug Discovery & Development	Senior Secured	March 2022		Interest rate PRIME + 4.95% or Floor rate of 9.45%, 6.95% Exit Fee	\$ 35,000	\$ 34,682	\$ 34,682
Metuchen Pharmaceuticals LLC ⁽¹²⁾⁽¹⁴⁾ 11 Commerce Drive, First Floor Cranford, NJ 07016	Drug Discovery & Development	Senior Secured	October 2020		Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	\$ 25,648	25,923	25,793
Motif BioSciences Inc. ⁽¹⁵⁾ 125 Park Avenue., 25th Floor New York, NY 10017	Drug Discovery & Development	Senior Secured	September 2021		Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	\$ 15,000	14,711	14,711
Myovant Sciences, Ltd. ⁽⁵⁾⁽¹⁰⁾⁽¹³⁾ 2000 Sierra Point Parkway, 9th Floor Brisbane, CA 94005	Drug Discovery & Development	Senior Secured	May 2021		Interest rate PRIME + 4.00% or Floor rate of 8.25%, 6.55% Exit Fee	\$ 40,000	39,445	39,444
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽¹⁵⁾ 75 Park Plaza, 4th Floor Boston, MA 02116	Drug Discovery & Development	Senior Secured	September 2020		Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	\$ 40,000	40,347	39,931
	Drug Discovery & Development	Senior Secured	September 2020		Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	\$ 10,000	10,094	9,984
	Drug Discovery & Development	Senior Secured	September 2020		Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	\$ 10,000	9,996	9,904
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)						\$ 60,000	60,437	59,819
Stealth Bio Therapeutics Corp. ⁽⁵⁾⁽¹⁰⁾⁽¹²⁾ 275 Grove Street, Suite 3-107 Newton, MA 02466	Drug Discovery & Development	Senior Secured	January 2021		Interest rate PRIME + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	\$ 20,000	19,910	19,672
Tricida, Inc. ⁽¹⁵⁾ 7000 Shoreline Ct #201 South San Francisco, CA 94080	Drug Discovery & Development	Senior Secured	March 2022		Interest rate PRIME + 3.35% or Floor rate of 8.35%, 11.14% Exit Fee	\$ 25,000	24,607	24,607
UniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾ Paasheuvelweg 25A	Drug Discovery & Development	Senior Secured	May 2020		Interest rate PRIME + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	\$ 20,000	20,668	20,579

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Amsterdam, The Netherlands 1105 BP							
Verastem, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,980	4,942
117 Kendrick Street, Suite 500							
Needham, MA 02494							
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	5,016	4,978
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,978	4,939
Total Verastem, Inc.					\$ 15,000	14,974	14,859
Subtotal: 1-5 Years Maturity						349,416	347,945
Subtotal: Drug Discovery & Development (44.93%)*						376,375	372,343
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. ⁽¹⁵⁾	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	\$ 10,000	10,061	9,864
27 Drydock Avenue, 7th Floor							
Boston, MA 02210							

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal		Value ⁽⁴⁾
			Date			Amount	Cost ⁽³⁾	
Glo AB ⁽⁵⁾⁽¹⁰⁾⁽¹⁴⁾	Electronics & Computer Hardware	Senior Secured	February 2021		Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	\$ 12,030	\$ 11,933	\$ 11,933
1225 Bordeaux Drive								
Sunnyvale, CA 94089								
Subtotal: 1-5 Years Maturity							21,994	21,797
Subtotal: Electronics & Computer Hardware (2.63%)*							21,994	21,797
Healthcare Services, Other								
1-5 Years Maturity								
Medsphere Systems Corporation ⁽¹⁴⁾⁽¹⁵⁾	Healthcare Services, Other	Senior Secured	February 2021		Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	\$ 17,685	17,536	17,536
632 Commercial St.								
San Francisco, CA 94111	Healthcare Services, Other	Senior Secured	February 2021		Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	\$ 5,031	4,990	4,990
Total Medsphere Systems Corporation						\$ 22,716	22,526	22,526
Oak Street Health ⁽¹²⁾⁽¹⁷⁾	Healthcare Services, Other	Senior Secured	September 2021		Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	\$ 20,000	20,083	19,836
327 West Belden Ave., Suite 3								
Chicago, IL 60614								
PH Group Holdings ⁽¹³⁾	Healthcare Services, Other	Senior Secured	September 2020		Interest rate PRIME + 7.45% or Floor rate of 10.95%	\$ 20,000	19,896	19,703
950 N Glebe Rd., Suite 4000								
Arlington, VA 22203	Healthcare Services, Other	Senior Secured	September 2020		Interest rate PRIME + 7.45% or Floor rate of 10.95%	\$ 10,000	9,934	9,794
Total PH Group Holdings						\$ 30,000	29,830	29,497
Subtotal: 1-5 Years Maturity							72,439	71,859
Subtotal: Healthcare Services, Other (8.67%)*							72,439	71,859
Information Services								
1-5 Years Maturity								
MDX Medical, Inc. ⁽¹⁴⁾⁽¹⁵⁾⁽¹⁹⁾	Information Services	Senior Secured	December 2020		Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%	\$ 15,100	14,702	14,410
160 Chubb Avenue, Suite 301								
Lyndhurst, NJ 07071								
Netbase Solutions, Inc. ⁽¹³⁾⁽¹⁴⁾		Senior Secured				\$ 9,096	8,855	8,815

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3960 Freedom Circle, Suite 200	Information	August	Interest rate PRIME + 6.00%
Santa Clara, CA 95054	Services	2020	or Floor rate of 10.00%, PIK Interest 2.00%, 3.00% Exit Fee

Subtotal: 1-5 Years Maturity 23,557 23,225

Subtotal: Information Services (2.80%)* 23,557 23,225

**Internet Consumer & Business Services
Under 1 Year Maturity**

The Faction Group	Internet	Senior Secured	January	Interest rate PRIME + 4.75%	\$ 2,000	2,000	2,000
1660 Lincoln St., Floor 16	Consumer &		2019	or Floor rate of 8.25%			
Denver, CO 80264	Business						
	Services						

Subtotal: Under 1 Year Maturity 2,000 2,000

1-5 Years Maturity

AppDirect, Inc. ⁽¹⁹⁾	Internet	Senior Secured	January	Interest rate PRIME + 5.70%	\$ 10,000	9,918	9,918
650 California Street, Floor 25	Consumer &		2022	or Floor rate of 9.95%, 3.45%			
San Francisco, CA 94108	Business			Exit Fee			
	Services						

Aria Systems, Inc. ⁽¹¹⁾⁽¹⁴⁾	Internet	Senior Secured	June	Interest rate PRIME + 3.20%	\$ 2,113	2,124	1,240
575 Market Street, 32nd Floor	Consumer &		2019	or Floor rate of 6.95%,			
San Francisco, CA 94105	Business			PIK Interest 1.95%, 1.75% Exit			
	Services			Fee			

	Internet	Senior Secured	June	Interest rate PRIME + 5.20%	\$ 18,924	19,019	11,108
	Consumer &		2019	or Floor rate of 8.95%,			
	Business			PIK Interest 1.95%, 1.75% Exit			
	Services			Fee			

Total Aria Systems, Inc. \$ 21,037 21,143 12,348

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date					
Art.com, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	April		Interest rate PRIME + 5.40% or Floor rate of 10.15%, PIK Interest 1.70%, 1.50% Exit Fee	\$ 10,000	\$ 9,812	\$ 9,812
2100 Powell Street 13th Floor			2021					
Emeryville, CA 94608								
Greenphire Inc. ⁽¹⁷⁾	Internet Consumer & Business Services	Senior Secured	January		Interest rate 3-month LIBOR + 8.00% or Floor rate of 9.00%	\$ 3,658	3,658	3,658
630 Allendale Road., Suite 250			2021					
King of Prussia, PA 19406								
	Internet Consumer & Business Services	Senior Secured	January		Interest rate PRIME + 3.75% or Floor rate of 7.00%	\$ 1,500	1,500	1,500
			2021					
Total Greenphire Inc.						\$ 5,158	5,158	5,158
Intent Media, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	May		Interest rate PRIME + 5.25% or Floor rate of 8.75%, PIK Interest 1.00%, 2.00% Exit Fee	\$ 5,063	5,053	5,056
315 Hudson St., 9th Floor			2019					
New York, NY 10013								
	Internet Consumer & Business Services	Senior Secured	May		Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.35%, 2.00% Exit Fee	\$ 2,032	2,014	2,014
			2019					
	Internet Consumer & Business Services	Senior Secured	May		Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.50%, 2.00% Exit Fee	\$ 2,034	2,016	2,016
			2019					
Total Intent Media, Inc.						\$ 9,129	9,083	9,086
Interactions Corporation ⁽¹⁹⁾	Internet Consumer & Business Services	Senior Secured	March		Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	\$ 25,000	25,032	25,032
31 Hayward Street., Suite E			2021					
Franklin, MA 02038								
LogicSource ⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	October		Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee	\$ 5,645	5,935	5,933
20 Marshall Street			2019					
South Norwalk, CT 06854								
Snagajob.com, Inc. ⁽¹³⁾⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	July		Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	\$ 41,223	41,010	41,166
1919 N Lynn Street, 7th Floor			2020					
Arlington, VA 22209								
Tectura Corporation ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	June		Interest rate FIXED 6.00%, PIK Interest 3.00%	\$ 20,450	20,450	17,095
951 Old County Road, Suite 2-317			2021					

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Belmont, CA 94002

	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	\$ 10,680	240	
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Total Tectura Corporation \$ 31,130 20,690 17,095

The Faction Group	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25% or Floor rate of 10.25%	\$ 8,000	8,000	8,000
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1660 Lincoln St., Floor 16

Denver, CO 80264

Wheels Up Partners LLC	Internet Consumer & Business Services	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55% or Floor rate of 9.55%	\$ 22,406	22,191	22,191
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220 West 42nd Street, 16th Floor

New York, NY 10036

Subtotal: 1-5 Years Maturity 177,972 165,739

Subtotal: Internet Consumer & Business Services (20.24%)* 179,972 167,739

Media/Content/Info

1-5 Years Maturity

Bustle ⁽¹⁴⁾⁽¹⁵⁾	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10% or Floor rate of 8.35%, PIK Interest 1.95%, 1.95% Exit Fee	\$ 15,089	15,032	15,032
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315 Park Avenue South, 12th Floor

New York, NY 10010

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾	
			Date						
FanDuel, Inc. ⁽⁹⁾⁽¹²⁾⁽¹⁴⁾	Media/Content/Info	Senior Secured	November 2019		Interest rate PRIME + 7.25% or Floor rate of 10.75%, 10.41% Exit Fee	\$ 19,354	\$ 20,072	\$ 19,941	
300 Park Avenue South, 14th Floor									
New York, NY 10005									
	Media/Content/Info	Convertible Debt	September 2020		PIK Interest 25.00%	\$ 1,000	1,000	1,000	
Total FanDuel, Inc.						\$ 20,354	21,072	20,941	
Subtotal: 1-5 Years Maturity								36,104	35,973
Subtotal: Media/Content/Info (4.34%)*								36,104	35,973
Medical Devices & Equipment									
Under 1 Year Maturity									
Aspire Bariatrics, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	October 2018		Interest rate PRIME + 4.00% or Floor rate of 9.25%, 6.85% Exit Fee	\$ 1,793	2,148	839	
3200 Horizon Drive, Suite 100									
King of Prussia, PA 19406									
Quanterix Corporation ⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	March 2019		Interest rate PRIME + 2.75% or Floor rate of 8.00%, 4.00% Exit Fee	\$ 8,591	8,569	8,569	
113 Hartwell Avenue									
Lexington, MA 02421									
Subtotal: Under 1 Year Maturity								10,717	9,408
1-5 Years Maturity									
Intuity Medical, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	June 2021		Interest rate PRIME + 5.00% or Floor rate of 9.25%, 4.95% Exit Fee	\$ 17,500	17,132	17,132	
3500 West Warren Avenue									
Fremont, CA 94538									
Micell Technologies, Inc. ⁽¹²⁾	Medical Devices & Equipment	Senior Secured	August 2019		Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	\$ 4,715	5,030	4,981	
801 Capitola Drive, Suite 1									
Durham, NC 27713									
Quanta Fluid Solutions ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	April 2020		Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	\$ 8,848	9,220	9,150	
Tything Road									
Alcester, UK B49 6EU									
Sebacia, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	July 2020		Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	\$ 8,000	7,988	7,979	
2905 Premiere Parkway, Suite 150									

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Duluth, GA 30097								
Tela Bio, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	December 2020	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 3.15% Exit Fee	\$ 5,000	5,004	4,989	
One Great Valley Pkwy, Suite 24								
Malvern, PA 19355								
Subtotal: 1-5 Years Maturity						44,374	44,231	
Subtotal: Medical Devices & Equipment (6.47%)*						55,091	53,639	
Software								
Under 1 Year Maturity								
Clickfox, Inc. ⁽¹³⁾	Software	Senior Secured	May 2018	Interest rate PRIME + 8.00% or Floor rate of 11.50%, 12.01% Exit Fee	\$ 2,592	4,012	4,012	
3445 Peachtree Road, Suite 450								
Atlanta, GA 30326								
Digital Train Limited ⁽¹⁵⁾	Software	Unsecured	July 2018	Interest rate 12-month LIBOR + 2.50%	\$ 5,671	5,671	4,073	
21250 Hawthorne Boulevard, Suite 380								
Torrance, CA 90503								
Subtotal: Under 1 Year Maturity						9,683	8,085	
1-5 Years Maturity								
Banker s Toolbox, Ir ⁽⁸⁾	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.94% or Floor rate of 8.94%	\$ 16,500	16,139	16,139	
4, 12331-B Riata Trace Pkwy, #200								
Austin, TX 78727								

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date					
Clarabridge, Inc. ⁽¹²⁾⁽¹⁴⁾	Software	Senior Secured	April		Interest rate PRIME + 4.80% or Floor rate of 8.55%, PIK Interest 3.25%	\$ 41,226	\$ 41,205	\$ 41,164
11400 Commerce Park Drive., Suite 500			2021					
Reston, VA 20191								
Emma, Inc.	Software	Senior Secured	September		Interest rate daily LIBOR + 7.75% or Floor rate of 8.75%	\$ 50,000	48,629	47,785
9 Lea Avenue			2022					
Nashville, TN 37210								
Evernote Corporation ⁽¹⁴⁾⁽¹⁵⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	October		Interest rate PRIME + 5.45% or Floor rate of 8.95%	\$ 6,000	5,976	6,065
305 Walnut Street			2020					
Redwood City, CA 94063								
	Software	Senior Secured	July 2021		Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 1.25%	\$ 4,035	4,013	3,988
Total Evernote Corporation						\$ 10,035	9,989	10,053
Fuze, Inc. ⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾⁽¹⁹⁾	Software	Senior Secured	July		Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	\$ 50,528	50,776	50,413
2 Copley Place, Floor 7			2021					
Boston, MA 02116								
Impact Radius Holdings, Inc. ⁽¹⁴⁾⁽¹⁷⁾	Software	Senior Secured	December		Interest rate PRIME + 4.25% or Floor rate of 8.75%, PIK Interest 1.55%, 1.75% Exit Fee	\$ 10,073	10,091	9,945
223 East De La Guerra Street			2020					
Santa Barbara, CA 93101								
Insurance Technologies Corp. ⁽¹⁷⁾	Software	Senior Secured	March		Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%	\$ 12,500	12,250	12,250
1415 Halsey Way, #314			2023					
Carrollton, TX 75007								
Lightbend, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August		Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	\$ 11,009	10,806	10,806
625 Market St			2021					
San Francisco, CA 94105								
Lithium Technologies, Inc. ⁽¹⁷⁾	Software	Senior Secured	October		Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	\$ 12,000	11,751	11,751
225 Bush St.			2022					
San Francisco, CA 94104								
Microsystems Holding Company, LLC ⁽¹⁹⁾	Software	Senior Secured	July		Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	\$ 12,000	11,829	11,829
535 Madison Ave., Floor 4			2022					

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New York, NY 10022								
OneLogin, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, PIK Interest 3.25%	\$ 16,012	15,953	16,113	
150 Spear Street, Suite 1400								
San Francisco, CA 94105								
PerfectServe, Inc.	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	\$ 16,000	16,057	16,057	
10024 Investment Drive								
Knoxville, TN 37932								
	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	\$ 4,000	4,013	4,013	
Total PerfectServe, Inc.					\$ 20,000	20,070	20,070	
Pollen, Inc. ⁽¹⁵⁾	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25% or Floor rate of 8.50%, 4.00% Exit Fee	\$ 7,000	7,023	7,000	
2000 Shawnee Mission Parkway, Suite 200								
Mission Woods, KS 66205								
Poplicus, Inc. ⁽⁸⁾⁽¹⁴⁾	Software	Senior Secured	May 2022	Interest rate FIXED 6.00%, PIK Interest 3.00%	\$ 1,250	1,250		
19 South Park St.								
San Francisco, CA 94107								
Quid, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75% or Floor rate of 8.25%, PIK Interest 2.25%, 3.00% Exit Fee	\$ 8,350	8,480	8,494	
600 Harrison Street, Suite 400								
San Francisco, CA 94107								

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾	
			Date	Interest Rate and Floor ⁽²⁾				
RapidMiner, Inc. ⁽¹⁴⁾	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50% or Floor rate of 9.75%, PIK Interest 1.65%	\$ 7,030	\$ 7,004	\$ 7,004	
10 Milk Street., 11th Floor								
Boston, MA 02108								
Regent Education ⁽¹⁴⁾	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	\$ 3,302	3,316	3,316	
340 East Patrick Street, Suite 210								
Frederick, MD 21701								
Signpost, Inc. ⁽¹⁴⁾	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15% or Floor rate of 8.15%, PIK Interest 1.75%, 3.75% Exit Fee	\$ 15,578	15,742	15,612	
127 W 26th St., Floor 2								
New York, NY 10001								
Vela Trading Technologies ⁽¹⁸⁾	Software	Senior Secured	July 2022	Interest rate daily LIBOR + 9.50% or Floor rate of 10.50%	\$ 20,000	19,518	19,143	
211 East 43rd Street, 5th Floor								
New York, NY 10017								
Wrike, Inc. ⁽¹⁴⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	February 2021	Interest rate PRIME + 6.00% or Floor rate of 9.50%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 10,215	10,062	10,043	
10 Almaden Blvd, Suite 1000								
San Jose, CA 95113								
ZocDoc ⁽¹⁹⁾	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	\$ 20,000	20,026	20,026	
568 Broadway Floor 9								
New York, NY 10012								
	Software	Senior Secured	November 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	\$ 10,000	10,012	10,012	
Total ZocDoc								
						\$ 30,000	30,038	30,038
Subtotal: 1-5 Years Maturity							361,921	358,968
Subtotal: Software (44.29%)*							371,604	367,053
Surgical Devices								
1-5 Years Maturity								
Transmedics, Inc. ⁽¹³⁾	Surgical Devices	Senior Secured	February 2020	Interest rate PRIME + 5.30% or Floor rate of 9.55%, 6.70% Exit Fee	\$ 7,608	7,927	7,912	
200 Minuteman Road, Suite 302								
Andover, MA 01810								
Subtotal: 1-5 Years Maturity							7,927	7,912

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Subtotal: Surgical Devices (0.95%)*						7,927	7,912	
Sustainable and Renewable Technology								
Under 1 Year Maturity								
Kinestral Technologies, Inc. 3955 Trust Way Hayward, CA 94545	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%, 3.23% Exit Fee	\$ 2,707	2,739	2,739	
Rive Technology, Inc. ⁽¹⁵⁾ 1 Deer Park Drive, Suite A Monmouth Junction, NJ 08852	Sustainable and Renewable Technology	Senior Secured	January 2019	Interest rate PRIME + 6.20% or Floor rate of 9.45%, 4.00% Exit Fee	\$ 3,318	3,583	3,583	
Subtotal: Under 1 Year Maturity						6,322	6,322	
1-5 Years Maturity								
ChargePoint Inc. ⁽¹⁹⁾ 254 East Hacienda Avenue Campbell, CA 95008	Sustainable and Renewable Technology	Senior Secured	August 2020	Interest rate 3-month LIBOR + 8.75% or Floor rate of 9.75%, 2.00% Exit Fee	\$ 17,576	17,630	17,630	
FuelCell Energy, Inc. ⁽¹²⁾ 3 Great Pasture Road Danbury, CT 06810	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 6.68% Exit Fee	\$ 13,091	12,827	12,824	
	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40% or Floor rate of 9.90%, 8.50% Exit Fee	\$ 11,909	13,452	13,452	
Total FuelCell Energy, Inc.						\$ 25,000	26,279	26,276

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity		Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
			Date	Interest Rate and Floor ⁽²⁾			
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) 66 Franklin Street, Suite 310 Oakland, CA 94607	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70% or Floor rate of 12.95%, 4.50% Exit Fee	\$ 12,000	\$ 11,770	\$ 11,683
Metalysis Limited ⁽⁵⁾⁽¹⁰⁾ Unit 2, Farfield Park Manvers Way, Wath upon Dearne Rotherham, South Yorkshire, UK S63 5DB	Sustainable and Renewable Technology	Senior Secured	March 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 6.95% Exit Fee	\$ 7,500	7,418	7,418
Proterra, Inc. ⁽¹¹⁾⁽¹⁴⁾⁽¹⁷⁾ 1 Whitlee Ct. Greenville, SC 29607	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	\$ 25,146	26,185	26,197
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70% or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	\$ 5,029	5,224	5,219
Total Proterra, Inc.					\$ 30,175	31,409	31,416
Subtotal: 1-5 Years Maturity						94,506	94,423
Subtotal: Sustainable and Renewable Technology (12.16%)*						100,828	100,745
Total: Debt Investments (161.25%)*						1,368,674	1,336,326

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Percentage Ownership	Series	Shares	Cost⁽²⁾	Value⁽³⁾
Equity Investments							
Biotechnology Tools							
NuGEN Technologies, Inc. ⁽¹⁵⁾ 201 Industrial Road, Suite 310 San Carlos, CA 94070	Biotechnology Tools	Equity	0.69%	Common Stock	55,780	\$ 500	\$
Subtotal: Biotechnology Tools (0.00%)*						500	
Communications & Networking							
Achilles Technology Management Co II, Inc. ⁽⁷⁾⁽¹⁵⁾ 1441 Knightsbridge Drive Blue Bell, PA 19422	Communications & Networking	Equity	100.00%	Common Stock	100	3,100	117
GlowPoint, Inc. ⁽⁴⁾ 1776 Lincoln Street, 13th Floor Denver, CO 80203	Communications & Networking	Equity	0.25%	Common Stock	114,192	102	25
Peerless Network Holdings, Inc. 222 South Riverside Plaza, Suite 2730 Chicago, IL 60606	Communications & Networking	Equity	3.01%	Preferred Series A	1,000,000	1,000	6,060
Subtotal: Communications & Networking (0.75%)*						4,202	6,202
Diagnostic							
Singulex, Inc. 1701 Harbor Way Parkway, Suite 200 Alameda, CA 94502	Diagnostic	Equity	0.36%	Common Stock	937,998	750	911
Subtotal: Diagnostic (0.11%)*						750	911
Diversified Financial Services							
Gibraltar Business Capital, LLC ⁽⁷⁾ 400 Skokie Blvd, #375 Northbrook, IL 60062	Diversified Financial Services	Equity	92.74%	Preferred Series A	10,602,752	25,538	25,538
	Diversified Financial Services	Equity	7.26%	Common Stock	830,000	1,861	1,861
Total Gibraltar Business Capital, LLC					11,432,752	27,399	27,399
Subtotal: Diversified Financial Services (3.31%)*						27,399	27,399
Drug Delivery							
AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾ 351 Galveston Drive Redwood City, CA 94063	Drug Delivery	Equity	0.11%	Common Stock	54,240	108	114
BioQ Pharma Incorporated ⁽¹⁵⁾ 185 Berry St., Ste 160 San Francisco, CA 94107	Drug Delivery	Equity	0.47%	Preferred Series D	165,000	500	891
Edge Therapeutics, Inc. ⁽⁴⁾ 300 Connell Dr., Suite 4000 Berkeley Heights, NJ 07922	Drug Delivery	Equity	0.16%	Common Stock	49,965	309	59

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Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾ 2940 N. Highway 360, Suite 400 Grand Prairie, TX 75050	Drug Delivery	Equity	0.43%	Common Stock	125,000	1,500	1,038
Subtotal: Drug Delivery (0.25%)*						2,417	2,102
Drug Discovery & Development							
Aveo Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾ One Broadway, 9th Floor Cambridge, MA 02142	Drug Discovery & Development	Equity	1.60%	Common Stock	1,901,791	1,715	5,558
Axovant Sciences Ltd. (4)(5)(10) 11 Times Square, 33rd Floor New York, NY 10036	Drug Discovery & Development	Equity	0.12%	Common Stock	129,827	1,269	172

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Cerecor, Inc. ⁽⁴⁾ 400 East Pratt Street, Suite 606 Baltimore, MD 21202	Drug Discovery & Development	Equity	0.38%	Common Stock	119,087	\$ 1,000	\$ 511
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) ⁽⁴⁾ 35 Gatehouse Drive Waltham, MA 02451	Drug Discovery & Development	Equity	0.12%	Common Stock	13,550	1,000	11
Dicerna Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾ 87 Cambridge Park Dr Cambridge, MA 02140	Drug Discovery & Development	Equity	0.28%	Common Stock	142,858	1,000	1,365
Dynavax Technologies ⁽⁴⁾⁽¹⁰⁾ 2929 Seventh Street, Suite 100 Berkeley, CA 94710	Drug Discovery & Development	Equity	0.03%	Common Stock	20,000	550	398
Epirus Biopharmaceuticals, Inc. ⁽⁴⁾ 99 High Street Boston, MA 02110-2320	Drug Discovery & Development	Equity	0.76%	Common Stock	200,000	1,000	
Genocea Biosciences, Inc. ⁽⁴⁾ 100 Acorn Park Drive, 5th Floor Cambridge, MA 02140	Drug Discovery & Development	Equity	0.27%	Common Stock	223,463	2,000	235
Insmmed, Incorporated ⁽⁴⁾ 10 Funderne Avenue, Building 10 Bridgewater, NJ 08807	Drug Discovery & Development	Equity	0.09%	Common Stock	70,771	1,000	1,230
Melinta Therapeutics ⁽⁴⁾ 300 TriState International, Suite 272 Lincolnshire, IL 60069	Drug Discovery & Development	Equity	0.17%	Common Stock	51,821	2,000	384
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽⁴⁾ 75 Park Plaza, 4th Floor Boston, MA 02116	Drug Discovery & Development	Equity	0.24%	Common Stock	76,362	2,744	992
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation) ⁽⁴⁾ 131 Hartwell Ave., Suite 105 Lexington, MA 02421	Drug Discovery & Development	Equity	0.00%	Common Stock	944	1,500	18
Subtotal: Drug Discovery & Development (1.31%)*						16,778	10,874
Electronics & Computer Hardware							
Identiv, Inc. ⁽⁴⁾ 2201 Walnut Avenue Suite 100	Electronics & Computer Hardware	Equity	0.04%	Common Stock	6,700	34	25

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Fremont, CA 94538

Subtotal: Electronics & Computer Hardware (0.00%)* 34 25

Information Services

DocuSign, Inc. 221 Main St., Suite 1000 San Francisco, CA 94105	Information Services	Equity	0.24%	Common Stock	385,000	6,081	8,379
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Subtotal: Information Services (1.01%)* 6,081 8,379

Internet Consumer & Business Services

Blurb, Inc. ⁽¹⁵⁾ 580 California St., Suite 300 San Francisco, CA 94104	Internet Consumer & Business Services	Equity	0.38%	Preferred Series B	220,653	175	80
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Brigade Group, Inc. (p.k.a. Philotic, Inc.) 548 4th Street San Francisco, CA 94107	Internet Consumer & Business Services	Equity	0.05%	Common Stock	9,023	93	
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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Lightspeed POS, Inc. ⁽⁵⁾⁽¹⁰⁾ 700 St-Antoine Est, Suite 300 Montreal, Canada H2Y1A6	Internet Consumer & Business Services	Equity	0.08%	Preferred Series C	230,030	\$ 250	\$ 257
	Internet Consumer & Business Services	Equity	0.07%	Preferred Series D	198,677	250	235
Total Lightspeed POS, Inc.					428,707	500	492
OfferUp, Inc. 701 5th Avenue, Suite 5100 Seattle, WA 98104	Internet Consumer & Business Services	Equity	0.15%	Preferred Series A	286,080	1,663	1,889
	Internet Consumer & Business Services	Equity	0.06%	Preferred Series A-1	108,710	632	718
Total OfferUp, Inc.					394,790	2,295	2,607
Oportun (p.k.a. Progress Financial) 1600 Seaport Blvd., Suite 250 Redwood City, CA 94063	Internet Consumer & Business Services	Equity	0.08%	Preferred Series G	218,351	250	416
	Internet Consumer & Business Services	Equity	0.03%	Preferred Series H	87,802	250	233
Total Oportun (p.k.a. Progress Financial)					306,153	500	649
RazorGator Interactive Group, Inc. 4216 3/4 Glencoe Ave Marina Del Rey, CA 90292	Internet Consumer & Business Services	Equity	0.11%	Preferred Series AA	34,783	15	
Tectura Corporation ⁽⁷⁾ 951 Old County Road, Suite 2-317 Belmont, CA 94002	Internet Consumer & Business Services	Equity	0.12%	Preferred Series BB	1,000,000		
Subtotal: Internet Consumer & Business Services (0.46%)*						3,578	3,828
Media/Content/Info							
Pinterest, Inc. 777 South Figueroa Street, Suite 3200	Media/Content/Info	Equity	0.04%	Preferred Series Seed	620,000	4,085	4,389

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Los Angeles, CA 90017-5855

Subtotal: Media/Content/Info (0.53%)* 4,085 4,389

Medical Devices & Equipment

AtriCure, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	0.02%	Common Stock	7,536	266	155
7555 Innovation Way							
Mason, Ohio 45040							
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	0.68%	Preferred Series AA	221,893	1,500	
500 International Drive, Suite 200							
Mount Olive, NJ 07828							
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Equity	1.21%	Common Stock	198,202		996
500 Boylston Street, Suite 1600	Medical Devices & Equipment	Equity	1.16%	Preferred Series A-1	191,210	425	1,056
Boston, MA 02116	Medical Devices & Equipment	Equity	1.17%	Preferred Series A-2	191,626	500	1,009
Total Gelesis, Inc.					581,038	925	3,061
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Equity	0.12%	Preferred Series E	136,798	250	209
475 Paramount Drive	Medical Devices & Equipment	Equity	0.07%	Preferred Series F	73,971	155	171
Raynham, MA 02767	Medical Devices & Equipment	Equity	0.14%	Preferred Series G	163,934	500	442
Total Medrobotics Corporation					374,703	905	822

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁵⁾ 24590 Clawiter Road Hayward, CA 94545	Medical Devices & Equipment	Equity	0.36%	Preferred Series B	6,185,567	\$ 3,000	\$ 345
	Medical Devices & Equipment	Equity	0.11%	Preferred Series C	1,927,309	655	100
	Medical Devices & Equipment	Equity	3.21%	Preferred Series D	55,103,923	5,257	3,193
	Medical Devices & Equipment	Equity	1.82%	Preferred Series E	31,199,131	2,609	2,618
Total Optiscan Biomedical, Corp.					94,415,930	11,521	6,256
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.) 1830 Bering Drive San Jose, CA 95112	Medical Devices & Equipment	Equity	0.18%	Preferred Series B	232,061	527	667
Quanterix Corporation ⁽⁴⁾ 113 Hartwell Avenue Lexington, MA 02421	Medical Devices & Equipment	Equity	0.39%	Common Stock	84,778	1,000	1,445
Subtotal: Medical Devices & Equipment (1.50%)*						16,644	12,406
Software							
CapLinked, Inc. 2015 Manhattan Beach Blvd, #108 Redondo Beach, CA 90278	Software	Equity	0.33%	Preferred Series A-3	53,614	51	87
Druva, Inc. 150 Mathilda Place, Suite 450 Sunnyvale, CA 94041	Software	Equity	0.30%	Preferred Series 2	458,841	1,000	1,073
	Software	Equity	0.06%	Preferred Series 3	93,620	300	313
Total Druva, Inc.					552,461	1,300	1,386
ForeScout Technologies, Inc. ⁽⁴⁾ 900 E. Hamilton Avenue, Suite 300 Campbell, CA 95008	Software	Equity	0.51%	Common Stock	199,842	529	6,483
HighRoads, Inc. 3 Burlington Woods Dr Burlington, MA 01803	Software	Equity	0.00%	Common Stock	190	307	
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾ Viabes Business Park, Jays Close Basingstoke, UK RG22 4BS	Software	Equity	0.30%	Preferred Series E	669,173	963	1,392
Palantir Technologies 100 Hamilton Avenue Palo Alto, CA 94301	Software	Equity	0.04%	Preferred Series E	727,696	5,431	4,923
	Software	Equity	0.02%	Preferred Series G	326,797	2,211	2,211

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Total Palantir Technologies					1,054,493	7,642	7,134
Sprinklr, Inc. 29 West 35th Street, 7th Floor New York, NY 10001	Software	Equity	0.35%	Common Stock	700,000	3,749	3,752
WildTangent, Inc. ⁽¹⁵⁾ 18578 NE 67th Court, Building 5 Redmond, WA 98052	Software	Equity	0.16%	Preferred Series 3	100,000	402	172
Subtotal: Software (2.46%)*						14,943	20,406
Surgical Devices							
Gynesonics, Inc. ⁽¹⁵⁾ 301 Galveston Drive Redwood City, CA 94063	Surgical Devices	Equity	0.04%	Preferred Series B	219,298	250	48
	Surgical Devices	Equity	0.12%	Preferred Series C	656,538	282	65
	Surgical Devices	Equity	0.38%	Preferred Series D	1,991,157	711	822
	Surgical Devices	Equity	0.53%	Preferred Series E	2,786,367	429	542
Total Gynesonics, Inc.					5,653,360	1,672	1,477

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Transmedics, Inc.	Surgical Devices	Equity	0.16%	Preferred Series B	88,961	\$ 1,100	\$ 427
200 Minuteman Road, Suite 302 Andover, MA 01810	Surgical Devices	Equity	0.21%	Preferred Series C	119,999	300	340
	Surgical Devices	Equity	0.46%	Preferred Series D	260,000	650	1,071
	Surgical Devices	Equity	0.18%	Preferred Series F	100,200	500	561
Total Transmedics, Inc.					569,160	2,550	2,399
Subtotal: Surgical Devices (0.47%)*						4,222	3,876
Sustainable and Renewable Technology							
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.) 4100 Alpha Road, Suite 900 Dallas, TX 75244	Sustainable and Renewable Technology	Equity	0.00%	Common Stock	192	761	
Modumetal, Inc. Northlake R&D Center, 1443 N. Northlake Way Seattle, WA 98103	Sustainable and Renewable Technology	Equity	0.72%	Preferred Series C	3,107,520	500	360
Proterra, Inc. 1 Whitlee Ct. Greenville, SC 29607	Sustainable and Renewable Technology	Equity	0.09%	Preferred Series 5	99,280	500	527
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) ⁽⁶⁾ 66 Franklin Street, Suite 310 Oakland, CA 94607	Sustainable and Renewable Technology	Equity	18.32%	Common Stock	288	61,502	12,315
Subtotal: Sustainable and Renewable Technology (1.59%)*						63,263	13,202
Total: Equity Investments (13.76%)*						164,896	113,999
Warrant Investments							
Biotechnology Tools							
Labcyte, Inc. ⁽¹⁵⁾ 1190 Borregas Avenue Sunnyvale, CA 94089	Biotechnology Tools	Warrant	0.84%	Preferred Series C	1,127,624	323	494
Subtotal: Biotechnology Tools (0.06%)*						323	494
Communications & Networking							
Peerless Network Holdings, Inc. 222 South Riverside Plaza, Suite 2730 Chicago, IL 60606	Communications & Networking	Warrant	0.01%	Common Stock	3,328		16
	Communications & Networking	Warrant	0.41%	Preferred Series A	135,000	95	550
Total Peerless Network Holdings, Inc.					138,328	95	566
Spring Mobile Solutions, Inc.		Warrant	0.62%	Common Stock	2,834,375	417	

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11710 Plaza America Drive, Suite 2000
Reston, VA 20190

Communications &
Networking

Subtotal: Communications & Networking (0.07%)* 512 566

Consumer & Business Products

Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾ 709N 400 W #3 North Salt Lake, UT 84054	Consumer & Business Products	Warrant	0.46%	Common Stock	1,662,441	228	
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Intelligent Beauty, Inc. ⁽¹⁵⁾ 2301 Rosecrans Ave, Suite 4100 El Segundo, CA 90245	Consumer & Business Products	Warrant	0.35%	Preferred Series B	190,234	230	233
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The Neat Company ⁽¹⁵⁾ 1601 Market St., Suite 3500 Philadelphia, PA 19103	Consumer & Business Products	Warrant	0.01%	Preferred Series C-1	540,540	365	
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Subtotal: Consumer & Business Products (0.03%)* 823 233

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Drug Delivery							
AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾ 351 Galveston Drive Redwood City, CA 94063	Drug Delivery	Warrant	0.35%	Common Stock	176,730	\$ 786	\$ 66
Agile Therapeutics, Inc. ⁽⁴⁾ 101 Poor Farm Road Princeton, NJ 08540	Drug Delivery	Warrant	0.53%	Common Stock	180,274	730	44
BioQ Pharma Incorporated 185 Berry St., Ste 160 San Francisco, CA 94107	Drug Delivery	Warrant	1.30%	Common Stock	459,183	1	1,155
Celsion Corporation ⁽⁴⁾ 997 Lenox Drive, Suite 100 Lawrenceville, NJ 08648	Drug Delivery	Warrant	0.08%	Common Stock	13,927	428	
Dance Biopharm, Inc. ⁽¹⁵⁾ 150 North Hill Drive, Suite 24 Brisbane, CA 94005	Drug Delivery	Warrant	0.40%	Common Stock	110,882	74	
Edge Therapeutics, Inc. ⁽⁴⁾ 300 Connell Dr., Suite 4000 Berkeley Heights, NJ 07922	Drug Delivery	Warrant	0.25%	Common Stock	78,595	390	25
Kaleo, Inc. (p.k.a. Intelliject, Inc.) 111 Virginia St., Ste 300 Richmond, VA 23219	Drug Delivery	Warrant	0.46%	Preferred Series B	82,500	594	1,076
Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾ 2940 N. Highway 360, Suite 400 Grand Prairie, TX 75050	Drug Delivery	Warrant	0.24%	Common Stock	70,833	285	71
Pulmatrix Inc. ⁽⁴⁾ 99 Hayden Avenue, Suite 390 Lexington, MA 02421	Drug Delivery	Warrant	0.11%	Common Stock	25,150	116	
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽⁴⁾ 34790 Ardentech Court Fremont, CA 94555	Drug Delivery	Warrant	0.18%	Common Stock	3,618	266	
Subtotal: Drug Delivery (0.29%)*						3,670	2,437
Drug Discovery & Development							
ADMA Biologics, Inc. ⁽⁴⁾ 465 Route 17 South Ramsey, NJ 07446	Drug Discovery & Development	Warrant	0.20%	Common Stock	89,750	295	31
Audentes Therapeutics, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾ 600 California Street, 17th Floor San Francisco, CA 94108	Drug Discovery & Development	Warrant	0.03%	Common Stock	9,914	62	142
Auris Medical Holding, AG ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾ Dornacherstrasse 210 CH-4053, Basel Switzerland	Drug Discovery & Development	Warrant	0.26%	Common Stock	15,672	249	2
Brickell Biotech, Inc. 5777 Central Ave, Suite 102 Boulder, CO 80301	Drug Discovery & Development	Warrant	0.38%	Preferred Series C	26,086	119	65
Cerecor, Inc. ⁽⁴⁾ 400 East Pratt Street, Suite 606 Baltimore, MD 21202	Drug Discovery & Development	Warrant	0.07%	Common Stock	22,328	70	25
Chroma Therapeutics, Ltd. ⁽⁵⁾⁽¹⁰⁾		Warrant	0.61%		325,261	490	

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93 Innovation Drive, Milton Park Abingdon Oxon, UK OX14 4RZ	Drug Discovery & Development			Preferred Series D				
Cleveland BioLabs, Inc. ⁽⁴⁾⁽¹⁵⁾ 73 High Street Buffalo, NY 14203	Drug Discovery & Development	Warrant	0.07%	Common Stock	7,813	105	1	

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Percentage Ownership	Series	Shares	Cost⁽²⁾	Value⁽³⁾
Concert Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾ 99 Hayden Avenue, Suite 500 Lexington, MA 02421-7966	Drug Discovery & Development	Warrant	0.56%	Common Stock	132,069	\$ 545	\$ 1,091
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.) ⁽⁴⁾ 3101 Western Avenue, Suite 600 Seattle, WA 98121	Drug Discovery & Development	Warrant	0.06%	Common Stock	29,239	165	
CytRx Corporation ⁽⁴⁾⁽¹⁵⁾ 11726 San Vicente Blvd., Suite 650 Los Angeles, CA 90049	Drug Discovery & Development	Warrant	0.38%	Common Stock	105,694	160	48
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) ⁽⁴⁾ 35 Gatehouse Drive Waltham, MA 02451	Drug Discovery & Development	Warrant	0.15%	Common Stock	17,190	369	
Dicerna Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾ 87 Cambridge Park Dr Cambridge, MA 02140	Drug Discovery & Development	Warrant	0.00%	Common Stock	200	28	
Epirus Biopharmaceuticals, Inc. ⁽⁴⁾ 99 High Street Boston, MA 02110-2320	Drug Discovery & Development	Warrant	0.25%	Common Stock	64,194	276	
Evofem Biosciences, Inc (p.k.a Neothetics, Inc.) ⁽⁴⁾⁽¹⁵⁾ 9171 Towne Centre Drive, Suite 270 San Diego, CA 92122	Drug Discovery & Development	Warrant	0.01%	Common Stock	7,806	266	28
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.) ⁽⁴⁾ 2 Gansevoort Street, 9th Floor New York, NY 10014	Drug Discovery & Development	Warrant	0.14%	Common Stock	73,009	142	43
Genocea Biosciences, Inc. ⁽⁴⁾ 100 Acorn Park Drive, 5th Floor Cambridge, MA 02140	Drug Discovery & Development	Warrant	0.09%	Common Stock	73,725	266	3
Immune Pharmaceuticals ⁽⁴⁾ 430 East 29th St., Suite 940 New York, NY 10016	Drug Discovery & Development	Warrant	0.03%	Common Stock	10,742	164	
Melinta Therapeutics ⁽⁴⁾ 300 TriState International, Suite 272 Lincolnshire, IL 60069	Drug Discovery & Development	Warrant	0.13%	Common Stock	40,545	626	1
Motif BioSciences Inc. ⁽⁴⁾⁽¹⁵⁾ 125 Park Avenue., 25th Floor New York, NY 10017	Drug Discovery & Development	Warrant	0.03%	Common Stock	73,452	282	254

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Myovant Sciences, Ltd. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾ 2000 Sierra Point Parkway, 9th Floor Brisbane, CA 94005	Drug Discovery & Development	Warrant	0.12%	Common Stock	73,710	460	831
Neuralstem, Inc. ⁽⁴⁾⁽¹⁵⁾ 20271 Goldenrod Lane, 2nd floor Germantown, MD 20876	Drug Discovery & Development	Warrant	0.04%	Common Stock	5,783	77	
Ology Bioservices, Inc. (p.k.a. Nanotherapeutics, Inc.) ⁽¹⁵⁾ 13200 NW Nano Court Alachua, FL 32615	Drug Discovery & Development	Warrant	2.67%	Common Stock	171,389	838	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽⁴⁾⁽¹⁵⁾ 75 Park Plaza, 4th Floor Boston, MA 02116	Drug Discovery & Development	Warrant	0.24%	Common Stock	75,214	178	82
Savara Inc. (p.k.a. Mast Therapeutics, Inc.) ⁽⁴⁾⁽¹⁵⁾ 900 S. Capital of Texas Highway, Suite 150 Austin, TX 78746	Drug Discovery & Development	Warrant	0.11%	Common Stock	32,467	203	93
Sorrento Therapeutics, Inc. ⁽⁴⁾⁽¹⁰⁾ 9380 Judicial Dr San Diego, CA 92121	Drug Discovery & Development	Warrant	0.34%	Common Stock	306,748	889	704
Stealth Bio Therapeutics Corp. ⁽⁵⁾⁽¹⁰⁾ 275 Grove Street, Suite 3-107 Newton, MA 02466	Drug Discovery & Development	Warrant	0.10%	Preferred Series A	650,000	158	150

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Tricida, Inc. ⁽¹⁵⁾ 7000 Shoreline Ct #201 South San Francisco, CA 94080	Drug Discovery & Development	Warrant	0.16%	Common Stock	212,765	\$ 223	\$ 217
uniQure B.V. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾ Paasheuvelweg 25A Amsterdam, The Netherlands 1105 BP	Drug Discovery & Development	Warrant	0.12%	Common Stock	37,174	218	334
XOMA Corporation ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾ 2910 Seventh Street Berkeley, CA 94710	Drug Discovery & Development	Warrant	0.11%	Common Stock	9,063	279	9
Subtotal: Drug Discovery & Development (0.50%)*						8,202	4,154
Electronics & Computer Hardware							
908 DEVICES INC. ⁽¹⁵⁾ 27 Drydock Avenue, 7th Floor Boston, MA 02210	Electronics & Computer Hardware	Warrant	0.25%	Preferred Series D	79,856	100	84
Clustrix, Inc. 201 Mission Street, Suite 800 San Francisco, CA 94105	Electronics & Computer Hardware	Warrant	0.23%	Common Stock	50,000	12	
Subtotal: Electronics & Computer Hardware (0.01%)*						112	84
Healthcare Services, Other							
Chromadex Corporation ⁽⁴⁾⁽¹⁵⁾ 10005 Muirlands Boulevard, Suite G, First Floor Irvine, CA 92618	Healthcare Services, Other	Warrant	0.25%	Common Stock	139,673	157	182
Subtotal: Healthcare Services, Other (0.02%)*						157	182
Information Services							
INMOBI Inc. ⁽⁵⁾⁽¹⁰⁾ 475 Brannan St., Suite 420 San Francisco, CA 94107	Information Services	Warrant	0.16%	Common Stock	65,587	82	
InXpo, Inc. ⁽¹⁵⁾ 770 N Halsted Street, Suite 6s	Information Services	Warrant	0.81%	Preferred Series C-1	898,134	49	34

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Chicago, IL 60642

MDX Medical, Inc. ⁽¹⁵⁾	Information Services	Warrant	0.87%	Common Stock	2,812,500	283	185
160 Chubb Avenue, Suite 301							
Lyndhurst, NJ 07071							

Netbase Solutions, Inc.	Information Services	Warrant	0.02%	Preferred Series 1	60,000	356	373
3960 Freedom Circle, Suite 200							

Santa Clara, CA 95054

RichRelevance, Inc. ⁽¹⁵⁾	Information Services	Warrant	0.13%	Preferred Series E	112,612	98	
303 Second Street Suite 350							
South San Francisco, CA 94107							

Subtotal: Information Services (0.07%)* 868 592

Internet Consumer & Business Services

Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	0.09%	Preferred Series G	231,535	73	
575 Market Street, 32nd Floor							

San Francisco, CA 94105

Art.com, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	0.24%	Preferred Series B	311,005	66	66
2100 Powell Street 13th Floor							
Emeryville, CA 94608							

Blurb, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	0.40%	Preferred Series C	234,280	636	27
580 California St., Suite 300							

San Francisco, CA 94104

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Percentage Ownership	Series	Shares	Cost⁽²⁾	Value⁽³⁾
ClearObject, Inc. (p.k.a. CloudOne, Inc.) 8626 E 116th Street, Suite 300 Fishers, IN 46038	Internet Consumer & Business Services	Warrant	1.20%	Preferred Series E	968,992	\$ 19	\$ 211
The Faction Group 1660 Lincoln St., Floor 16 Denver, CO 80264	Internet Consumer & Business Services	Warrant	1.85%	Preferred Series A	8,703	234	437
Intent Media, Inc. ⁽¹⁵⁾ 315 Hudson St., 9th Floor New York, NY 10013	Internet Consumer & Business Services	Warrant	0.47%	Common Stock	140,077	168	200
Interactions Corporation 31 Hayward Street., Suite E Franklin, MA 02038	Internet Consumer & Business Services	Warrant	0.07%	Preferred Series G-3	68,187	204	413
Just Fabulous, Inc. 2301 Rosecrans Avenue, Suite 5000 El Segundo, CA 90245	Internet Consumer & Business Services	Warrant	0.35%	Preferred Series B	206,184	1,102	1,812
Lightspeed POS, Inc. ⁽⁵⁾⁽¹⁰⁾ 700 St-Antoine Est, Suite 300 Montreal, Canada H2Y1A6	Internet Consumer & Business Services	Warrant	0.09%	Preferred Series C	245,610	20	99
LogicSource ⁽¹⁵⁾ 20 Marshall Street South Norwalk, CT 06854	Internet Consumer & Business Services	Warrant	0.39%	Preferred Series C	79,625	30	28
Oportun (p.k.a. Progress Financial) 1600 Seaport Blvd., Suite 250 Redwood City, CA 94063	Internet Consumer & Business Services	Warrant	0.06%	Preferred Series G	174,562	78	192
ShareThis, Inc. ⁽¹⁵⁾ 4005 Miranda Avenue, Suite 100 Palo Alto, CA 94304	Internet Consumer & Business Services	Warrant	0.91%	Preferred Series C	493,502	547	
Snagajob.com, Inc. 1919 N Lynn Street, 7th Floor Arlington, VA 22209	Internet Consumer & Business Services	Warrant	0.89%	Preferred Series A	1,800,000	782	1,406
Tapjoy, Inc. 111 Sutter Street, 12th Floor San Francisco, CA 94104	Internet Consumer & Business Services	Warrant	0.40%	Preferred Series D	748,670	316	15
TraceLink, Inc. 400 Riverpark Dr. Suite 200 North Reading, MA 1864	Internet Consumer & Business Services	Warrant	0.86%	Preferred Series A-2	283,353	1,833	2,029
Subtotal: Internet Consumer & Business Services (0.84%)*						6,108	6,935

Media/Content/Info

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FanDuel, Inc. 300 Park Avenue South, 14th Floor New York, NY 10005	Media/Content/Info Media/Content/Info	Warrant Warrant	0.15% 0.04%	Common Stock Preferred Series A	15,570 4,648	730	1,875
Total FanDuel, Inc.					20,218	730	1,875
Machine Zone, Inc. 1050 Page Mill Road Palo Alto, CA 94304	Media/Content/Info	Warrant	0.12%	Common Stock	1,552,710	1,958	3,242
Rhapsody International, Inc. ⁽¹⁵⁾ 701 5th Ave., Suite 3100 Seattle, WA 98104	Media/Content/Info	Warrant	0.44%	Common Stock	715,755	385	37
WP Technology, Inc. (Wattpad, Inc.) ⁽⁵⁾⁽¹⁰⁾ 4950 Yonge Street, Suite 208 Toronto, ON M2M 3V5	Media/Content/Info	Warrant	0.10%	Common Stock	255,818	4	24

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Zoom Media Group, Inc. 345 7th Avenue, Suite 1501 New York, NY 10001	Media/Content/Info	Warrant	0.44%	Preferred Series A	1,204	\$ 348	\$ 29
Subtotal: Media/Content/Info (0.63%)*						3,425	5,207
Medical Devices & Equipment							
Amedica Corporation ⁽⁴⁾⁽¹⁵⁾ 1885 West 2100 South Salt Lake City, UT 84119	Medical Devices & Equipment	Warrant	0.20%	Common Stock	8,603	459	
Aspire Bariatrics, Inc. ⁽¹⁵⁾ 3200 Horizon Drive, Suite 100 King of Prussia, PA 19406	Medical Devices & Equipment	Warrant	1.03%	Preferred Series B-1	112,858	455	
Avedro, Inc. ⁽¹⁵⁾ 201 Jones Rd., 5th Floor Waltham, MA 02451	Medical Devices & Equipment	Warrant	0.56%	Preferred Series AA	300,000	401	300
Flowonix Medical Incorporated 500 International Drive, Suite 200 Mount Olive, NJ 07828	Medical Devices & Equipment	Warrant	0.47%	Preferred Series AA	155,325	362	
Gelesis, Inc. ⁽¹⁵⁾ 500 Boylston Street, Suite 1600 Boston, MA 02116	Medical Devices & Equipment	Warrant	0.46%	Preferred Series A-1	74,784	78	248
InspireMD, Inc. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾ 4 Menorat Hamaor Street, 3rd Floor Tel Aviv, Israel 67448	Medical Devices & Equipment	Warrant	0.03%	Common Stock	1,124	242	
Intuity Medical, Inc. ⁽¹⁵⁾ 3500 West Warren Avenue. Fremont, CA 94538	Medical Devices & Equipment	Warrant	0.73%	Preferred Series 4	1,819,078	294	394
Medrobotics Corporation ⁽¹⁵⁾ 475 Paramount Drive Raynham, MA 02767	Medical Devices & Equipment	Warrant	0.40%	Preferred Series E	455,539	370	264
Micell Technologies, Inc. 801 Capitola Drive, Suite 1 Durham, NC 27713	Medical Devices & Equipment	Warrant	0.37%	Preferred Series D-2	84,955	262	154
NetBio, Inc. 266 Second Avenue Waltham, MA 02451	Medical Devices & Equipment	Warrant	0.75%	Preferred Series A	7,841	408	43
NinePoint Medical, Inc. ⁽¹⁵⁾ 2 Oak Park Dr. Bedford, MA 01730	Medical Devices & Equipment	Warrant	0.30%	Preferred Series A-1	587,840	170	104
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁵⁾ 24590 Clawiter Road Hayward, CA 94545	Medical Devices & Equipment	Warrant	0.61%	Preferred Series E	10,535,275	1,252	271

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Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.) 1830 Bering Drive San Jose, CA 95112	Medical Devices & Equipment	Warrant	0.38%	Preferred Series A	500,000	402	532
Quanterix Corporation ⁽⁴⁾ 113 Hartwell Avenue Lexington, MA 02421	Medical Devices & Equipment	Warrant	0.30%	Common Stock	66,039	204	326
Sebacia, Inc. ⁽¹⁵⁾ 2905 Premiere Parkway, Suite 150 Duluth, GA 30097	Medical Devices & Equipment	Warrant	0.45%	Preferred Series D	778,301	133	159
SonaCare Medical, LLC (p.k.a. US HIFU, LLC) 10130 Perimeter Parkway, Suite 250 Charlotte, NC 28216	Medical Devices & Equipment	Warrant	0.02%	Preferred Series A	6,464	188	

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Strata Skin Sciences, Inc. (p.k.a. MELA Sciences, Inc.) ⁽⁴⁾	Medical Devices & Equipment	Warrant	0.32%	Common Stock	13,864	\$ 401	\$
100 Lakeside Drive, Suite 100							
Horsham, PA 19044							
Tela Bio, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	0.39%	Preferred Series B	387,930	62	128
One Great Valley Pkwy, Suite 24							
Malvern, PA 19355							
ViewRay, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	0.18%	Common Stock	128,231	333	206
2 Thermo Fisher Way							
Oakwood Village, OH 44146							
Subtotal: Medical Devices & Equipment (0.38%)*						6,476	3,129
Semiconductors							
Achronix Semiconductor Corporation ⁽¹⁵⁾	Semiconductors	Warrant	0.11%	Preferred Series C	360,000	160	434
2953 Bunker Hill Lane, Suite 101	Semiconductors	Warrant	0.23%	Preferred Series D-2	750,000	99	648
Santa Clara, CA 95054							
Total Achronix Semiconductor Corporation					1,110,000	259	1,082
Aquantia Corp. ⁽⁴⁾	Semiconductors	Warrant	0.06%	Common Stock	19,683	4	41
105 E. Tasman Drive							
San Jose, CA 95134							
Avnera Corporation	Semiconductors	Warrant	0.28%	Preferred Series E	141,567	46	219
1600 NW Compton Drive, Ste 300.							
Beaverton, OR 97006							
Subtotal: Semiconductors (0.16%)*						309	1,342
Software							
Actifio, Inc.	Software	Warrant	0.08%	Common Stock	73,584	249	65
333 Wyman Street,	Software	Warrant	0.03%	Preferred Series F	31,673	343	79
Waltham, MA 02451							
Total Actifio, Inc.					105,257	592	144
Braxton Technologies, LLC	Software	Warrant	0.63%	Preferred Series A	168,750	188	

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6 North Tejon Street, Suite 220

Colorado Springs, CO 80903

CareCloud Corporation ⁽¹⁵⁾	Software	Warrant	0.43%	Preferred Series B	413,433	258	44
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5200 Blue Lagoon Drive, Suite 900

Miami, FL 33126

Clickfox, Inc. ⁽¹⁵⁾	Software	Warrant	0.64%	Preferred Series B	1,038,563	330	35
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3445 Peachtree Road, Suite 450

	Software	Warrant	0.37%	Preferred Series C	592,019	730	38
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Atlanta, GA 30326

Total Clickfox, Inc.					3,848,796	1,290	1,514
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DNAxenus, Inc.	Software	Warrant	0.24%	Preferred Series C	909,091	97	62
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1975 W El Camino Real #101

Mountain View, CA 94040

Evernote Corporation ⁽¹⁵⁾	Software	Warrant	0.06%	Common Stock	62,500	106	218
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305 Walnut Street

Redwood City, CA 94063

Fuze, Inc. ⁽¹⁵⁾	Software	Warrant	0.17%	Preferred Series F	256,158	89	5
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2 Copley Place, Floor 7

Boston, MA 02116

Lightbend, Inc. ⁽¹⁵⁾	Software	Warrant	0.26%	Preferred Series C-1	391,778	79	75
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625 Market St

San Francisco, CA 94105

Mattersight Corporation ⁽⁴⁾	Software	Warrant	1.08%	Common Stock	357,143	538	88
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200 W. Madison, Suite 3100

Chicago, IL 60606

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Message Systems, Inc. ⁽¹⁵⁾ 9130 Guilford Road Columbia, MD 21046	Software	Warrant	1.05%	Preferred Series C	503,718	\$ 334	\$ 464
Mobile Posse, Inc. ⁽¹⁵⁾ 1010 N. Glebe Road, Suite 200 Arlington, VA 22201	Software	Warrant	1.04%	Preferred Series C	396,430	130	155
Neos, Inc. ⁽¹⁵⁾ 6210 Stoneridge Mall, Suite 450 Pleasanton, CA 94588	Software	Warrant	0.10%	Common Stock	221,150	22	
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾ Viabes Business Park, Jays Close Basingstoke, UK RG22 4BS	Software	Warrant	0.10%	Preferred Series E	225,586	33	142
OneLogin, Inc. ⁽¹⁵⁾ 150 Spear Street, Suite 1400 San Francisco, CA 94105	Software	Warrant	0.34%	Common Stock	228,972	150	172
PerfectServe, Inc. 10024 Investment Drive Knoxville, TN 37932	Software	Warrant	2.24%	Preferred Series C	129,073	720	1,089
Poplicus, Inc. 19 South Park St. San Francisco, CA 94107	Software	Warrant	0.56%	Common Stock	132,168		
Quid, Inc. ⁽¹⁵⁾ 600 Harrison Street, Suite 400 San Francisco, CA 94107	Software	Warrant	0.06%	Preferred Series D	71,576	1	6
RapidMiner, Inc. 10 Milk Street., 11th Floor Boston, MA 02108	Software	Warrant	0.32%	Preferred Series C-1	4,982	24	32
RedSeal Inc. ⁽¹⁵⁾ 940 Stewart Drive, Sunnyvale, CA 94085	Software	Warrant	0.13%	Preferred Series C-Prime	640,603	66	38
Signpost, Inc. 127 W 26th St., Floor 2 New York, NY 10001	Software	Warrant	0.78%	Preferred Series C	324,005	314	108
Wrike, Inc. 10 Almaden Blvd, Suite 1000 San Jose, CA 95113	Software	Warrant	0.87%	Common Stock	698,760	462	1,273
Subtotal: Software (0.68%)*						5,493	5,629
Specialty Pharmaceuticals							
Alimera Sciences, Inc. ⁽⁴⁾	Specialty Pharmaceuticals	Warrant	2.46%	Common Stock	1,717,709	861	256

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6120 Windward Parkway, Suite 290

Alpharetta, GA 30005

Subtotal: Specialty Pharmaceuticals (0.03%)* 861 256

Surgical Devices

Gynesonics, Inc.⁽¹⁵⁾ Surgical Devices Warrant 0.03% Preferred Series C 180,480 75 16

301 Galveston Drive

Redwood City, CA 94063

Surgical Devices Warrant 0.30% Preferred Series D 1,575,965 320 307

Total Gynesonics, Inc. 1,756,445 395 323

Transmedics, Inc. Surgical Devices Warrant 0.07% Preferred Series B 40,436 225 16

200 Minuteman Road, Suite 302

Surgical Devices Warrant 0.31% Preferred Series D 175,000 100 474

Andover, MA 01810

Surgical Devices Warrant 0.09% Preferred Series F 50,544 38 62

Total Transmedics, Inc. 265,980 363 552

Subtotal: Surgical Devices (0.11%)* 758 875

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
Sustainable and Renewable Technology							
Agrivida, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	0.40%	Preferred Series D	471,327	\$ 120	\$
200 Boston Avenue							
Medford, MA 02155							
American Superconductor Corporation ⁽⁴⁾	Sustainable and Renewable Technology	Warrant	0.28%	Common Stock	58,823	39	41
64 Jackson Rd.							
Devens, MA 01434							
Calera, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	0.17%	Preferred Series C	44,529	513	
485 Alberto Way, #210							
Los Gatos, CA 95032							
EcoMotors, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	0.68%	Preferred Series B	437,500	308	
17000 Federal Dr., Suite 200							
Allen Park, MI 48101							
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	0.11%	Preferred Series D	61,804	102	
8455 North 90th Street, Suite 4							
Scottsdale, AZ 85258							
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Warrant	0.00%	Common Stock	5,310	181	
4100 Alpha Road, Suite 900							
Dallas, TX 75244							
	Sustainable and Renewable Technology	Warrant	0.00%	Preferred Series 2-A	63	50	
Total Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)					5,373	231	
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	0.20%	Preferred Series C-1	280,897	275	457
4900 Hopyard Road, Suite 220							
Pleasanton, CA 94588							
GreatPoint Energy, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	0.12%	Preferred Series D-1	393,212	548	
2215 W. Harrison St.							
Chicago, IL 60612							
Kinestral Technologies, Inc.		Warrant	0.26%		325,000	155	92

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3955 Trust Way Hayward, CA 94545	Sustainable and Renewable Technology			Preferred Series A			
	Sustainable and Renewable Technology	Warrant	0.10%	Preferred Series B	131,883	63	27
Total Kinestral Technologies, Inc.					456,883	218	119
Polyera Corporation ⁽¹⁵⁾ 8045 Lamon Avenue, #140 Skokie, IL 60077	Sustainable and Renewable Technology	Warrant	0.97%	Preferred Series C	311,609	338	
Proterra, Inc. 1 Whitlee Ct. Greenville, SC 29607	Sustainable and Renewable Technology	Warrant	0.42%	Preferred Series 4	477,517	41	518
Rive Technology, Inc. ⁽¹⁵⁾ 1 Deer Park Drive, Suite A Monmouth Junction, NJ 08852	Sustainable and Renewable Technology	Warrant	0.34%	Preferred Series E	234,477	12	3
Stion Corporation ⁽⁶⁾ 6321 San Ignacio Avenue San Jose, CA 95119	Sustainable and Renewable Technology	Warrant	7.89%	Preferred Series Seed	2,154	1,378	

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(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Percentage Ownership	Series	Shares	Cost ⁽²⁾	Value ⁽³⁾
TAS Energy, Inc. 6110 Cullen Blvd. Houston, TX 77021	Sustainable and Renewable Technology	Warrant	0.10%	Preferred Series AA	428,571	\$ 299	\$
Tendril Networks 2580 55th Street, Suite 100 Boulder, CO 80301	Sustainable and Renewable Technology	Warrant	0.46%	Preferred Series 3-A	1,019,793	189	
Subtotal: Sustainable and Renewable Technology (0.14%)*						4,611	1,138
Total: Warrant Investments (4.01%)*						42,708	33,253
Total Investments in Securities (179.02%)*						\$ 1,576,278	\$ 1,483,578

* Value as a percent of net assets

(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.

(2) Interest rate PRIME represents 4.75% at March 31, 2018. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 1.70%, 1.88%, 2.31% and 2.66%, respectively, at March 31, 2018.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled \$26.2 million, \$128.1 million and \$101.8 million respectively. The tax cost of investments is \$1.6 billion.

(4) Except for warrants in 41 publicly traded companies and common stock in 20 publicly traded companies, all investments are restricted at March 31, 2018 and were valued at fair value using Level 3 significant unobservable inputs 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.

(5) Non-U.S. company or the company's principal place of business is outside the United States.

(6) Affiliate investment as defined under the 1940 Act in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.

(7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.

(8) Debt is on non-accrual status at March 31, 2018, and is therefore considered non-income producing. Note that at March 31, 2018, only the \$10.7 million PIK, or payment-in-kind, loan is on non-accrual for the Company's debt investment in Tectura Corporation.

(9) Denotes that all or a portion of the debt investment is convertible debt.

(10) Indicates assets that the Company deems not qualifying assets under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.

(11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).

(12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).

(13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).

(14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.

(15) Denotes that all or a portion of the investment in this portfolio company is held by HT II or HT III, the Company's wholly owned SBIC subsidiaries.

(16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total assets at March 31, 2018.

(17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at March 31, 2018. Refer to Note 10.

(18) Denotes unitranche debt with first lien last-out senior secured position and security interest in all assets of the portfolio company whereby the last-out portion will be subordinated to the first-out portion in a liquidation, sale or other disposition.

(19) Denotes second lien senior secured debt.

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Information about our senior securities is shown in the following table for the periods as of December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008. The information as of December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010 has been derived from our audited financial statements for these periods, which have been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm. The report of PricewaterhouseCoopers LLP on the senior securities table as of December 31, 2017 is attached as an exhibit to the registration statement of which this prospectus is a part. The N/A indicates information that the SEC expressly does not require to be disclosed for certain types of senior securities.

Class and Year	Total Amount Outstanding Exclusive of Treasury Securities⁽¹⁾	Asset Coverage per Unit⁽²⁾	Average Market Value per Unit⁽³⁾
Securitized Credit Facility with Wells Fargo Capital Finance			
December 31, 2008	\$ 89,582,000	\$ 6,689	N/A
December 31, 2009 ⁽⁶⁾			N/A
December 31, 2010 ⁽⁶⁾			N/A
December 31, 2011	\$ 10,186,830	\$ 73,369	N/A
December 31, 2012 ⁽⁶⁾			N/A
December 31, 2013 ⁽⁶⁾			N/A
December 31, 2014 ⁽⁶⁾			N/A
December 31, 2015	\$ 50,000,000	\$ 26,352	N/A
December 31, 2016	\$ 5,015,620	\$ 290,234	N/A
December 31, 2017 ⁽⁶⁾			N/A
December 31, 2018 (as of March 31, 2018, unaudited) ⁽⁶⁾			N/A
Securitized Credit Facility with Union Bank, NA			
December 31, 2009 ⁽⁶⁾			N/A
December 31, 2010 ⁽⁶⁾			N/A
December 31, 2011 ⁽⁶⁾			N/A
December 31, 2012 ⁽⁶⁾			N/A
December 31, 2013 ⁽⁶⁾			N/A
December 31, 2014 ⁽⁶⁾			N/A
December 31, 2015 ⁽⁶⁾			N/A
December 31, 2016 ⁽⁶⁾			N/A
December 31, 2017 ⁽⁶⁾			N/A
December 31, 2018 (as of March 31, 2018, unaudited) ⁽⁶⁾			N/A
Small Business Administration Debentures (HT II)⁽⁴⁾			
December 31, 2008	\$ 127,200,000	\$ 4,711	N/A
December 31, 2009	\$ 130,600,000	\$ 3,806	N/A
December 31, 2010	\$ 150,000,000	\$ 3,942	N/A
December 31, 2011	\$ 125,000,000	\$ 5,979	N/A
December 31, 2012	\$ 76,000,000	\$ 14,786	N/A
December 31, 2013	\$ 76,000,000	\$ 16,075	N/A
December 31, 2014	\$ 41,200,000	\$ 31,535	N/A
December 31, 2015	\$ 41,200,000	\$ 31,981	N/A
December 31, 2016	\$ 41,200,000	\$ 35,333	N/A
December 31, 2017	\$ 41,200,000	\$ 39,814	N/A
December 31, 2018 (as of March 31, 2018, unaudited)	\$ 41,200,000	\$ 39,143	N/A
Small Business Administration Debentures (HT III)⁽⁵⁾			
December 31, 2010	\$ 20,000,000	\$ 29,564	N/A
December 31, 2011	\$ 100,000,000	\$ 7,474	N/A
December 31, 2012	\$ 149,000,000	\$ 7,542	N/A
December 31, 2013	\$ 149,000,000	\$ 8,199	N/A
December 31, 2014	\$ 149,000,000	\$ 8,720	N/A

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December 31, 2015	\$	149,000,000	\$	8,843	N/A
December 31, 2016	\$	149,000,000	\$	9,770	N/A
December 31, 2017	\$	149,000,000	\$	11,009	N/A
December 31, 2018 (as of March 31, 2018, unaudited)	\$	149,000,000	\$	10,823	N/A

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Class and Year	Total Amount Outstanding Exclusive of Treasury Securities ⁽¹⁾	Asset Coverage per Unit ⁽²⁾	Average Market Value per Unit ⁽³⁾
2016 Convertible Notes			
December 31, 2011	\$ 75,000,000	\$ 10,623	\$ 885
December 31, 2012	\$ 75,000,000	\$ 15,731	\$ 1,038
December 31, 2013	\$ 75,000,000	\$ 16,847	\$ 1,403
December 31, 2014	\$ 17,674,000	\$ 74,905	\$ 1,290
December 31, 2015	\$ 17,604,000	\$ 74,847	\$ 1,110
December 31, 2016			
April 2019 Notes			
December 31, 2012	\$ 84,489,500	\$ 13,300	\$ 986
December 31, 2013	\$ 84,489,500	\$ 14,460	\$ 1,021
December 31, 2014	\$ 84,489,500	\$ 15,377	\$ 1,023
December 31, 2015	\$ 64,489,500	\$ 20,431	\$ 1,017
December 31, 2016	\$ 64,489,500	\$ 22,573	\$ 1,022
December 31, 2017			
September 2019 Notes			
December 31, 2012	\$ 85,875,000	\$ 13,086	\$ 1,003
December 31, 2013	\$ 85,875,000	\$ 14,227	\$ 1,016
December 31, 2014	\$ 85,875,000	\$ 15,129	\$ 1,026
December 31, 2015	\$ 45,875,000	\$ 28,722	\$ 1,009
December 31, 2016	\$ 45,875,000	\$ 31,732	\$ 1,023
December 31, 2017			
2024 Notes			
December 31, 2014	\$ 103,000,000	\$ 12,614	\$ 1,010
December 31, 2015	\$ 103,000,000	\$ 12,792	\$ 1,014
December 31, 2016	\$ 252,873,175	\$ 5,757	\$ 1,016
December 31, 2017	\$ 183,509,600	\$ 8,939	\$ 1,025
December 31, 2018 (as of March 31, 2018, unaudited)	\$ 183,509,600	\$ 8,788	\$ 1,011
2017 Asset-Backed Notes			
December 31, 2012	\$ 129,300,000	\$ 8,691	\$ 1,000
December 31, 2013	\$ 89,556,972	\$ 13,642	\$ 1,004
December 31, 2014	\$ 16,049,144	\$ 80,953	\$ 1,375
December 31, 2015			
2021 Asset-Backed Notes			
December 31, 2014	\$ 129,300,000	\$ 10,048	\$ 1,000
December 31, 2015	\$ 129,300,000	\$ 10,190	\$ 996
December 31, 2016	\$ 109,205,263	\$ 13,330	\$ 1,002
December 31, 2017	\$ 49,152,504	\$ 33,372	\$ 1,001
December 31, 2018 (as of March 31, 2018, unaudited)	\$ 33,575,408	\$ 48,032	\$ 1,000
2022 Convertible Notes			
December 31, 2017	\$ 230,000,000	\$ 7,132	\$ 1,028
December 31, 2018 (as of March 31, 2018, unaudited)	\$ 230,000,000	\$ 7,012	\$ 1,015
2022 Notes			
December 31, 2017	\$ 150,000,000	\$ 10,935	\$ 1,014
December 31, 2018 (as of March 31, 2018, unaudited)	\$ 150,000,000	\$ 10,751	\$ 1,011
Total Senior Securities⁽⁷⁾			
December 31, 2008	\$ 216,782,000	\$ 2,764	N/A
December 31, 2009	\$ 130,600,000	\$ 3,806	N/A
December 31, 2010	\$ 170,000,000	\$ 3,478	N/A
December 31, 2011	\$ 310,186,830	\$ 2,409	N/A
December 31, 2012	\$ 599,664,500	\$ 1,874	N/A
December 31, 2013	\$ 559,921,472	\$ 2,182	N/A
December 31, 2014	\$ 626,587,644	\$ 2,073	N/A

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December 31, 2015	\$	600,468,500	\$	2,194	N/A
December 31, 2016	\$	667,658,558	\$	2,180	N/A
December 31, 2017	\$	802,862,104	\$	2,043	N/A
December 31, 2018 (as of March 31, 2018, unaudited)	\$	787,285,008	\$	2,048	N/A

(1) Total amount of each class of senior securities outstanding at the end of the period presented.

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- (2) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, including senior securities not subject to asset coverage requirements under the 1940 Act due to exemptive relief from the SEC, divided by senior securities representing indebtedness. This asset coverage ratio is multiplied by \$1,000 to determine the Asset Coverage per Unit.
- (3) Not applicable because senior securities are not registered for public trading.
- (4) Issued by HT II, one of our SBIC subsidiaries, to the SBA. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC.
- (5) Issued by HT III, one of our SBIC subsidiaries, to the SBA. These categories of senior securities were not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC.
- (6) The Company's Wells Facility and Union Bank Facility had no borrowings outstanding during the periods noted above.
- (7) The total senior securities and Asset Coverage per Unit shown for those securities do not represent the asset coverage ratio requirement under the 1940 Act because the presentation includes senior securities not subject to the asset coverage requirements of the 1940 Act as a result of exemptive relief granted to us by the SEC. As of March 31, 2018, our asset coverage ratio under our regulatory requirements as a business development company was 238.2% excluding our SBA debentures as a result of our exemptive order from the SEC which allows us to exclude all SBA leverage from our asset coverage ratio.

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Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors elects our officers who serve at the discretion of the Board of Directors. Our Board of Directors currently consists of eight members, one who is an interested person of the Company as defined in Section 2(a)(19) of the 1940 Act and seven who are not interested persons and who we refer to as our independent directors.

Directors, Executive Officers and Key Employees

Our executive officers, directors and key employees and their positions are set forth below. Information regarding our current Board of Directors is set forth below as of March 31, 2018. The address for each executive officer, director and key employee is c/o Hercules Capital, Inc., 400 Hamilton Avenue, Suite 310, Palo Alto, California 94301.

Name	Age	Positions
Interested Director:		
Manuel A. Henriquez ⁽¹⁾	54	Chairman of the Board of Directors, President and Chief Executive Officer
Independent Directors:		
Robert P. Badavas	65	Director
Jorge Titingier	57	Director
Allyn C. Woodward, Jr.	77	Director
Thomas J. Fallon	56	Director
Brad Koenig	59	Director
Joseph F. Hoffman	69	Director
Doreen Woo Ho	70	Director
Executive Officers:		
David Lund	64	Interim Chief Financial Officer
Melanie Grace	49	General Counsel and Chief Compliance Officer
Scott Bluestein	40	Chief Investment Officer
Gerard R. Waldt, Jr.	33	Interim Chief Accounting Officer

(1) Mr. Henriquez is an interested person, as defined in section 2(a)(19) of the 1940 Act, of the Company due to his position as an executive officer of the Company.

Set forth below is information regarding our current directors, including each director's (i) name and age; (ii) a brief description of their recent business experience, including present occupations and employment during at least the past five years; (iii) directorships, if any, that each director holds and has held during the past five years; and (iv) the year in which each person became a director of the Company. As the information that follows indicates, the nominee and each continuing director brings strong and unique experience, qualifications, attributes, and skills to the Board of Directors. This provides the Board of Directors, collectively, with competence, experience, and perspective in a variety of areas, including: (i) corporate governance and Board service; (ii) executive management, finance, and accounting; (iii) venture capital financing with a technology-related focus; (iv) business acumen; and (v) an ability to exercise sound judgment.

Moreover, the nominating and corporate governance committee believes that it is important to seek a broad diversity of experience, professions, skills, geographic representation and backgrounds. The nominating and corporate governance committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. We believe that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the Board of Directors to fulfill its responsibilities. Our Board of Directors does not have a specific diversity policy, but considers diversity of race, religion, national origin, gender, sexual orientation, disability, cultural background and professional experiences in evaluating candidates for Board membership.

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

Name, Address, and Age⁽¹⁾	Position(s) held with Company	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Other Directorships Held by Director or Nominee for Director During the past 5 years⁽²⁾
Independent Directors				
Robert P. Badavas (65)	Director	Class I Director since 2006	Retired. Chairman and Chief Executive Officer of PlumChoice, provider of remote technical services and support, from 2011-2016.	Constant Contract, Inc., an online marketing company, from 2007-2016.
Jorge Titingher (57)	Director	Class I Director since 2017	President and Founder of Titingher Consulting, a private consulting and advisory service provider, since 2016, and President and Chief Executive Officer of Silicon Graphics International, a leader in high-performance computing, from 2012-2016, which was acquired by Hewlett Packard Enterprise in 2016.	Xcerra, supplies products and services to the semiconductor and electronics manufacturing industry, since 2012, and CalAmp, a pure-play pioneer in the connected vehicle and broader Industrial Internet of Things marketplace, since 2015.
Thomas J. Fallon (56)	Director	Class II Director since 2014	Chief Executive Officer of Infinera Corporation, manufacturer of high capacity optical transmission equipment, since 2010.	Infinera Corporation since 2014.
Brad Koenig (59)	Director	Class II Director since 2017	Founder and Chief Executive Officer of FoodyDirect.com, an online marketplace that features foods from the top restaurants, bakeries and artisan purveyors around the country, since 2011. Head of Global Technology Investment Banking at Goldman Sachs, from 2011-2015.	GSV Capital Corporation, from 2015-2017.
Allyn C. Woodward, Jr. (77)	Director	Class II Director since 2004	Retired. Vice Chairman and Director of Adams Harkness Financial Group, an institutional investment bank, from 2001-2006.	None.
Joseph F. Hoffman (69)	Director	Class III Director since 2015	Retired. SEC Reviewing Partner and Silicon Valley Professional for KPMG from 1998-2009.	None.
Doreen Woo Ho (70)	Director	Class III Director since 2016	Commissioner of the San Francisco Port Commission since May, 2011 and served as President from 2012 to 2014.	U.S. Bank since 2012.
Interested Director				
Manuel A. Henriquez (54) ⁽³⁾	Director, Chief Executive Officer and Chairman of the Board of Directors	Class III Director since 2004	Hercules Capital, Inc. since 2004.	None.

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- (1) The address for each officer and director is c/o Hercules Capital, Inc., 400 Hamilton Avenue., Suite 310, Palo Alto, California 94301.
- (2) No director otherwise serves as a director of an investment company subject to the 1940 Act.
- (3) Mr. Henriquez is an interested director due to his position as an officer of the Company.

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Interested Director

Manuel A. Henriquez

Board Committee:
N/A

Independent:
No

Mr. Henriquez, age 54, is a co-founder of Hercules and has been our Chairman and Chief Executive Officer since 2004 and our President (since 2005) and his term expires in 2019.

Business Experience:

Partner, VantagePoint Venture Partners, a \$2.5 billion multi-stage technology venture fund (2000-2003)

President and Chief Investment Officer, Comdisco Ventures, a division of Comdisco, Inc., a leading technology and financial services company (1999-2000)

Managing Director, Comdisco Ventures (1997-1999)

Senior Member, Investment Team, Comdisco Ventures (1997-2000)

Non-Profit Leadership:

Northeastern University, a global, experiential research university;

Member of the Northeastern Corporation (since 2011)

Member of the Academic Affairs and Student Experience Committee (since 2012)

Member of the President West Coast Counsel (since 2012)

Lucile Packard Foundation for Children's Health, an independent public charity, devoted exclusively to elevating the priority of children's health and increasing the quality and accessibility of children's healthcare through leadership and direct investment:

Vice Chairman, Board of Directors

Chairman, Compensation Committee

Chairman, Executive Search Committee

Member, Investment Committee

Member, Executive Committee

Children's Health Council, which specializes in working with children with ADHD, learning differences, anxiety, depression, autism spectrum disorders and teen mental health therapy:

Corporate Treasurer

Chairman, Finance Committee

Chairman, Investment Committee

Member, Executive Committee

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Prior Non-Profit Leadership: Board Member, Charles Armstrong School, an independent, non-profit, co-educational lower- and middle-day school specializing in teaching students with language-based learning differences, such as dyslexia

Education: Bachelor's degree in Business Administration from Northeastern University

Skills/Qualifications: In particular, Mr. Henriquez's key areas of skills/qualifications include, but are not limited to:

Client Industries vast array of knowledge in venture capital financing, including software, life sciences and clean tech

Banking/Financial Services extensive experience with equity and debt financings as well SEC rules and regulations and business development companies

Leadership/Strategy current role as chairman and CEO as well as officer and director experience in several private and public companies and knowledge of financial risk assessment

Finance/IT and Other Business Processes extensive experience in IT and supervising IT internal control and procedures

Governance extensive experience as an executive and director of private and public companies with governance matters

Strategic Planning-experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies

Mergers and Acquisitions-experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

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Independent Directors

Joseph F. Hoffman

Board Committee:
Audit, *Chair*

Independent:
Yes

Nominating

Mr. Hoffman, age 69, is retired from KPMG LLP after 26 years as a partner and senior executive with that firm. He has served as a director on our Board of Directors since April 2015 and his term expires in 2019.

Business Experience: SEC Reviewing Partner and Silicon Valley Professional Practice Partner, KPMG LLP (1998-2009)

Audit Partner and Business Unit Partner in Charge, KPMG LLP (1983-1998)

Private Directorships: LiveOps, Inc., a call center services company (since 2013)

KPMG LLP, an audit, tax, and advisory professional services firm. (2005-2009)

Audit Committees: LiveOps, Inc. (since 2013)

KPMG LLP (2005-2009)

Willamette University (since 2014)

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

Memberships: California Society of Certified Public Accountants

National Association of Corporate Directors

American College of Corporate Directors

Association of Governing Boards of Universities and Colleges

Education: Bachelor's degree in Mathematics and Economics, Willamette University

Master's degree in Business Administration, Stanford Graduate School of Business

Certified public accountant, State of California

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

Client Industries extensive experience in the technology, manufacturing, and financial services industries

Finance and Enterprise Risk Management extensive experience as an advisor to senior management and audit committees on complex accounting, financial reporting, internal controls, and enterprise risk management

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Leadership/Strategy significant experience as a business executive and director

Governance experience as the chairman of the governance committee with corporate governance issues, particularly in a publicly-traded company

Banking/Financial Services experience with banking, mutual funds, or other financial services industries, including regulatory experience and specific knowledge of the Securities Act

Strategic Planning experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies

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Brad Koenig

Board Committee:

Independent:

Audit

Yes

Nominating

Mr. Koenig, age 59, currently serves as Founder and CEO of FoodyDirect.com, (since 2011), an online marketplace that features foods from the top restaurants, bakeries and artisan purveyors around the country. He has served as a director on our Board of Directors since October 2017 and his term expires in 2018.

Business Experience: Head of Global Technology Investment Banking at Goldman Sachs, a leading global investment banking, securities and investment management firm (1990-2005)

Co-Head of Global Technology, Media and Telecommunications at Goldman Sachs (2002-2005)

Private Directorships: Theragenics Corporation, medical device company serving the surgical products and prostate cancer treatment markets

NGP/VAN Software, the leading technology provider to Democratic and progressive campaigns and organizations, offering clients an integrated platform of the best fundraising, compliance, field, organizing, digital, and social networking products

Prior Directorships: GSV Capital Corporation (2015-2017)

Other Experience: Adviser to Oak Hill Capital Management, a private equity firm

Dartmouth President's Leadership Council

Chair, Dartmouth Athletic Advisory Board

Education: Bachelor's degree in Economics from Dartmouth College

Master's degree from Harvard Business School

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

Client Industries significant experience in venture capital and technology

Leadership/Strategy extensive experience as a director and executive in both public and private companies

Finance, IT and Other Business Processes extensive experience as a manager and CEO related to finance, accounting, IT, treasury, human resources, or other key business processes

Banking/Financial Services experience with banking, mutual funds, or other financial services industries, including regulatory experience and specific knowledge of the Securities Act

Mergers and Acquisitions experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

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Jorge Titinger

Board Committee:

Compensation, *Chair*

Independent:

Yes

Mr. Titinger, age 56, currently serves as Principal and Founder of Titinger Consulting (since 2016), a private consulting and advisory service provider focusing on strategy development and execution, board governance, operational transformations, and culture changes. He has served as a director on our Board of Directors since December 2017 and his term expires in 2020.

Business

President and Chief Executive Officer of Silicon Graphics International, leader in high performance computing (2012-2016)

Experience:

President and Chief Executive Officer of Verigy, Inc., provider of advanced automated test systems and solutions to the semiconductor industry (2008-2011)

Senior Vice President and General Manager, Product Business Groups of FormFactor, Inc., the leading provider of essential test and measurement technologies along the full IC life cycle from characterization, modeling, reliability, and design de-bug, to qualification and production test (2007-2008)

Senior Vice President, Global Operations & Corporate Support Groups of KLA-Tencor Corporation, a provider of process control and yield management solutions (2002-2007)

Vice President, Global Operations, Silicon Business Sector (SBS) Products of Applied Materials, Inc., a leader in materials engineering solutions used to produce virtually every new chip and advanced display in the world (1998-2002)

President and Chief Operating Officer of Insync Systems, Inc., a gas delivery systems manufacturer (1995-1998)

Vice President, Operations/Co-Founder of NeTpower, Inc., a high-performance computer workstations and servers manufacturer (1992-1995)

Director, Manufacturing Engineering of MIPS Computer Systems, Inc./Silicon Graphics, Inc., a Graphics Computing Company (1989-1992)

Test Engineering Manager, Networked Computers Manufacturing Operations of Hewlett-Packard Company, a Graphics Computing Company (1985-1989)

Public

Xcerra, parent company of four brands that have been supplying innovative products and services to the semiconductor and electronics manufacturing industry

Directorships:

CalAmp, a pure-play pioneer in the connected vehicle and broader Industrial Internet of Things marketplace with its extensive portfolio of intelligent communications devices, robust and capable cloud platform, and targeted software applications

Private

Transtech Glass Investment Ltd., a specialty glass company for the transportation market

Directorships:

Prior Semiconductor Equipment & Material International (Semi), North America, global industry association serving the manufacturing supply chain for the micro- and nano-electronics industries

Directorships:

Silicon Graphics International

Verigy, Inc.

Electroglas, Inc., provides advanced wafer probers, device handlers, test floor management software and services

Thermawave acquired and integrated into KLA-Tencor Corporation

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Other Board Member, Unidad de Negocios Transaccionales (Grupo El Comercio)

Experience: Chairman of the Board, Hispanic Foundation of Silicon Valley (HFSV)

Board Member, Information Technology & Audit Committees, Stanford Children's Hospital

Advisory Board Member, Hispanic IT Executive Council (HITEC), Silicon Valley Education Foundation

Education: Bachelor's degree in Electrical Engineering from Stanford University

Master's degree in Electrical Engineering and Engineering Management and Business from Stanford University

Skills/ In particular, Mr. Titinger's key areas of skill/qualifications include, but are not limited to:

Qualifications: **Client Industries** significant experience in venture capital and technology

Leadership/Strategy extensive experience as a director and executive in both public and private companies

Finance, IT and Other Business Processes extensive experience as a manager and CEO related to finance, accounting, IT, treasury, human resources, or other key business processes

Enterprise Risk Management experience in managing enterprise risk as CEO

Governance experienced in both corporate governance and executive compensation for both public and private companies

Strategic Planning experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies

Mergers and Acquisitions experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

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Allyn C. Woodward, Jr.

Board Committee:

Independent:

Audit

Yes Lead Director

Compensation

Mr. Woodward, age 77, has extensive experience and qualifications in banking and financial services. He has served as a director on our Board of Directors since February 2004 and his term expires in 2018.

Business Experience:

Vice Chairman and Director, Adams Harkness Financial Group (formerly Adams, Harkness & Hill), an independent institutional research, brokerage and investment banking firm (2001-2006)

President and Director, Adams Harkness Financial Group (1995-2001)

Silicon Valley Bank

Vice President, Founder, Wellesley, Massachusetts office

Senior Vice President (1990-1992)

Chief Operating Officer (California) (1992-1995)

Senior Vice President and Group Manager of Technology Group, Bank of New England (1963-1990)

Private Directorships:

Union Specialties, manufacturer of water-based polyurethane dispersions and specialty products (1990-present)

Current Advisory Board Directorships:

Fletcher Spaght Venture Capital (2005-present)

Boston Millennia Partners (2000-present)

Ampersand Venture Capital (2013-present)

Prior Directorships:

AH&H Venture Capital

Square 1 Bank

Lecroy Corporation, Chairman

Viewlogic Systems

Cayenne Software, Inc.

Non-Profit Leadership:

Member of Finance Committee and Board of Overseers, Newton Wellesley Hospital (2000-present)

Babson College, Member of:

Investment Committee

Finance Committee

Private Equity Committee (co-founder) (2000-present)

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Education: Bachelor's degree in Finance and Accounting from Babson College
Banking degree, Stonier Graduate School of Banking at Rutgers University

Memberships: National Association of Corporate Directors
Board Leaders Group

Certifications: Executive Masters Professional Director Certification, American College of Corporate Directors

Skills/ In particular, Mr. Woodward's key areas of skill/qualifications include, but are not limited to:

Qualifications: **Client Industries and Banking/Financial Services** extensive leadership, management and director experience in financial services, banking and technology-related companies

Leadership/Strategy significant executive and board experience for both private and public companies in business, finance and investments with a special emphasis on best policies regarding compensation and governance and service as Lead Independent Director

Finance, IT and Other Business Processes extensive experience related to finance, accounting, IT, treasury, human resources or other key business processes

Governance as lead director extensive experience with corporate governance issues, particularly in a publicly-traded company

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Robert P. Badavas

Board Committee:
Audit

Independent:
Yes

Mr. Badavas, aged 65, retired in August 2016 as Chairman and Chief Executive Officer of PlumChoice, a venture-backed technology, software and services company (since December 2011). He has served as a director on our Board of Directors since March 2006 and his term expires in 2020.

Business President, Petros Ventures, Inc., a management and advisory services firm (2009-2011 and 2016-present)

Experience: President and Chief Executive Officer of TAC Worldwide, a multi-national technical workforce management and business services company (2005-2009)

Executive Vice President and Chief Financial Officer, TAC Worldwide (2003-2005)

Senior Partner and Chief Operating Officer, Atlas Venture, an international venture capital firm (2001-2003)

Chief Executive Officer at Cerulean Technology, Inc., a venture capital backed wireless application software company (1995-2001)

Certified Public Accountant, PwC (1974-1983)

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

Directorships:

Prior PlumChoice

Directorships: Arivana, Inc.; a telecommunications infrastructure company publicly traded until its acquisition by SAC Capital

RSA Security; an IT security company publicly traded until its acquisition by EMC

On Technology; an IT software infrastructure company publicly traded until its acquisition by Symantec

Renaissance Worldwide; an IT services and solutions company publicly traded until its acquisition by Aquent

Other Vice-Chairman, Board of Trustees, Bentley University (since 2005)

Experience: Board of Trustees Executive Committee and Corporate Treasurer, Hellenic College/Holy Cross School of Theology (since 2002)

Chairman Emeritus, The Learning Center for the Deaf (1995-2005)

Master Professional Director Certification, American College of Corporate Directors

National Association of Corporate Directors

Annunciation Greek Orthodox Cathedral of New England, Parish Council President (since 2016)

Education: Bachelor's degree in Accounting and Finance from Bentley University

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

Qualifications:

Client Industries extensive experience in software, business and technology enabled services and venture capital

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Leadership/Strategy significant experience as a senior corporate executive in private and public companies, including tenure as chief executive officer, chief financial officer and chief operating officer

Finance, IT and Other Business Strategy and Enterprise Risk Management prior experience as a CEO directing business strategy and as a CFO directing IT, financing and accounting, strategic alliances and human resources and evaluation of enterprise risk in such areas

Governance extensive experience as an executive and director of private and public companies with governance matters

Strategic Planning experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies

Mergers and Acquisitions experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

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Thomas J. Fallon

Board Committee:
Nominating

Independent:
Yes

Mr. Fallon, aged 56, currently serves as Chief Executive Officer of Infinera Corporation (since 2010) and a member of Infinera's board of directors (since 2009). He has served as a director on our Board of Directors since July 2014 and his term expires in 2018.

Infinera President and Chief Executive Officer, Infinera Corporation (2010-Current)

Corporation Chief Operating Officer, Infinera Corporation (2006-2009)

Business Vice President of Engineering and Operations, Infinera Corporation (2004-2006)

Experience:

Other Business Vice President, Corporate Quality and Development Operations of Cisco Systems, Inc. (2003-2004)

Experience General Manager of Cisco Systems Optical Transport Business Unit, VP Operations, VP Supply, various executive positions (1991-2003)

Prior Piccaro, a leading provider of solutions to measure greenhouse gas concentrations, trace gases and stable isotopes (2010-2016)

Directorships:

Other Member, Engineering Advisory Board of the University of Texas at Austin

Experience: Member, President's Development Board University of Texas

Education: Bachelor's degree in Mechanical Engineering from the University of Texas at Austin

Master's degree in Business Administration from the University of Texas at Austin

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

Qualifications:

Client Industries significant experience in venture capital and technology

Leadership/Strategy extensive experience as a director and executive in both public and private companies

Governance experienced in both corporate governance and executive compensation for both public and private companies

Strategic Planning experience with senior executive level strategic planning for publicly-traded companies, private companies and/or non-profit companies

Mergers and Acquisitions experience with public and/or private company M&A both in identifying targets and evaluating potential targets, as well as post-acquisition integration activities

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Doreen Woo Ho

Board Committee:
Nominating, *Chair*

Independent:

Compensation Yes

Ms. Woo Ho, aged 70, is a retired senior executive who has held top management roles at some of the largest commercial banks in America, including Wells Fargo Bank, Citibank and United Commercial Bank. She has served as a director on our Board of Directors since October 2016 and her term expires in 2019.

Business President and Chief Executive Officer of United Commercial Bank (2009)

Experience: Executive Vice President, Student Loans and Corporate Trust, Wells Fargo & Company (2008)

President of the Consumer Credit Group, Wells Fargo Bank (1998-2007)

Senior Vice President of National Business Banking, US Consumer Bank, Citibank (1974-1998)

Public U.S. Bank (since 2012)

Directorships:

Prior United Commercial Bank (2009)

Directorships:

Private San Francisco Opera (since 1992)

Directorships:

Other Commissioner of the Port of San Francisco (since 2011)

Experience: Wells Fargo Management Committee member (1999-2008)

Education: Bachelor's in History from Smith College

Masters in East Asian Studies from the School of International and Public Affairs at Columbia University

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

Qualifications:

Banking/Financial Services held a variety of key executive and management positions at large global financial institutions

Leadership/Strategy extensive experience as a director and executive with broad operational experience in investments and finance

Finance, IT and other Business Processes extensive experience in commercial lending, sales marketing as well as other key business processes

Enterprise Risk Management extensive experience in risk management and regulatory compliance in banking services

Governance gained extensive experience as CEO of a banking institution in corporate governance and executive management

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

The following information, as of March 31, 2018, outlines the name and age of our executive officers (as of the date of this prospectus) and his or her principal occupation with the Company, followed by the biographical information of each of such executive officer:

Name	Age	Principal Occupation
Manuel A. Henriquez	54	Chairman and Chief Executive Officer
David Lund	64	Interim Chief Financial Officer
Scott Bluestein	40	Chief Investment Officer
Melanie Grace	49	General Counsel, Chief Compliance Officer and Secretary
Gerard Waldt, Jr.	33	Interim Chief Accounting Officer

Executive Biographies

Manuel A. Henriquez biography can be found under Interested Director above.

David Lund joined us in 2017 as Interim Chief Financial Officer. Mr. Lund has over 30 years of experience in finance and accounting serving companies in the technology sector. Mr. Lund oversees the financial and accounting functions of the Company.

Business Experience

Partner, Ravix Group Inc. (since 2016)

Chief Financial Officer and Consultant, White Oak Global Advisors LLC (2011-2015)

Chief Financial Officer, Hercules Capital, Inc. (2005-2011)

Corporate Controller, Rainmaker Systems, Inc. (2005-2005)

Corporate Controller, Centillium Communications, Inc. (2003-2005)

Chief Financial Officer and Consultant, APT Technologies, Inc. (2002-2003)

Chief Financial Officer and Vice President, Scion Photonics, Inc. (2001-2002)

Vice President and Senior Corporate Controller, Urban Media Communications (2000-2001)

Vice President and Corporate Controller, InterTrust Technologies Corporation (1996-2000)

Senior Manager, Murdock & Associates Inc. (1996-1996)

Audit Senior Manager, Ernst & Young (1987-1996)

Audit Manager, Grant Thornton, LLP (1983-1987)

Education/Other:

Bachelor's in Business Administration with an emphasis in Accounting from San Jose State University

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Scott Bluestein joined us in 2010 as Chief Credit Officer. He was promoted to Chief Investment Officer in 2014. Mr. Bluestein is responsible for managing the investment teams and investments made by the Company.

Business Experience Founder and Partner, Century Tree Capital Management (2009-2010)

Managing Director, Laurus-Valens Capital Management, an investment firm specializing in financing small and microcap growth-oriented businesses through debt and equity securities (2003-2009)

Member of Financial Institutions Coverage Group focused on Financial Technology, UBS Investment Bank (2000-2003)

Education/Other: Bachelor's in Business Administration from Emory University

Melanie Grace joined us in 2015 as General Counsel, Chief Compliance Officer and Secretary. She has over 18 years of experience representing public and private companies in securities, compliance and transactional matters. Ms. Grace oversees the legal and compliance function for the Company and serves as secretary for the Company and select subsidiaries.

Business Experience Chief Legal Officer and Corporate Secretary, WHV Investments, Inc. where she also served as interim Chief Compliance Officer (2011-2015)

Experience Member, Management, Operations and Proxy Committees, WHV Investments, Inc. (2013-2015)

Chair, Ethics Committee, WHV Investments, Inc. (2013-2015)

Chief Counsel, Corporate, NYSE Euronext (2005-2008)

Associate, Fenwick & West LLP (2000-2005)

Education/Other: Bachelor's and Master's in History from the University of California, Riverside

Juris Doctor from Boston University School of Law

Member, State Bar of California

Registered In-House Counsel, New York

Designated Investment Adviser Certified Compliance Professional[®]

Gerard R. Waldt, Jr. joined us in 2016 as Assistant Controller and in 2017 became Corporate Controller and Interim Chief Accounting Officer. He is responsible for the financial and regulatory reporting, financial planning and analysis, and financial systems design and implementation.

Business Experience Senior Manager in the Financial Services practice of Ernst & Young, McLean, VA where he developed extensive experience providing audit and advisory services to both publicly-traded and private institutions (2009-2016)

Education/Other: Bachelor of Business Administration - Accounting from James Madison University

Active Certified Public Accountant in Maryland

Board of Directors

The number of directors is currently fixed at eight directors.

Our Board of Directors is divided into three classes. Class I directors hold office for a term expiring at the annual meeting of stockholders to be held in 2020, Class II directors hold office for a term expiring at the annual meeting of stockholders to be held in 2018 and Class III directors hold office for a term expiring at the annual meeting of stockholders to be held in 2019. Each director holds office for the term to which he or she is elected and until his or her successor is duly elected and qualifies. Messrs. Woodward, Koenig and Fallon's terms expire in 2018, Messrs. Henriquez and Hoffman and Ms. Woo Ho's terms expire in 2019 and Messrs. Badavas and Titingers terms expire in 2020. At each annual meeting of our stockholders, the successors to the class of directors whose terms expire at such meeting will be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election and until their successors are duly elected and qualify.

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CORPORATE GOVERNANCE

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

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

Continued Board Recruitment and Refreshment

Lead Independent Director

Majority Independent Directors

Independent Audit and Compensation, Nominating and Governance Committees

Annual Board and Committee Self-Evaluations

Annual Board Review of Senior Management Succession Plans

Anti-Hedging Policy

Active Stockholder Outreach

Pay for Performance Philosophy

Stock Ownership Guidelines for Executives and Directors

Clawback Provisions for Executive Incentive Compensation

Double Trigger Change-of-Control Provisions for Stock Awards

No Tax Gross-Up Payments

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

Board Leadership Structure

Chairman and Chief Executive Officer

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

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

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

seven of our eight current directors are independent directors;

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all of the members of our Audit Committee, Compensation Committee, and NCG Committee are independent directors;

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

our Board of Directors and its committees regularly conduct meetings which specifically include Mr. Henriquez;

our Board of Directors and its committees remain in close contact with, and receive reports on various aspects of Hercules management and enterprise risk directly from our senior management and independent auditors.

Lead Independent Director

Our Board of Directors has instituted the lead independent director position to provide an additional measure of balance, ensure our Board of Directors independence, and enhance its ability to fulfill its management oversight responsibilities. Mr. Badavas currently serves as our lead independent director. The lead independent director:

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

has the authority to call meetings of the independent directors;

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

provides our chairman and chief executive officer with input regarding Board of Directors meetings;

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

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

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

Board Oversight of Risk

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

Our Audit Committee has oversight responsibility not only for financial reporting with respect to our major financial exposures and the steps management has taken to monitor and control such exposures, but also for the effectiveness of management's enterprise risk management process that monitors and manages key business risks facing our company. In addition to our Audit Committee, the other committees of our Board of Directors consider the risks within their areas of responsibility. For example, our Compensation Committee considers the risks that may be posed by our executive compensation program.

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

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During 2017, in addition to unanimous written consents, the Board of Directors held the following meetings:

Type of Meeting	Number
<i>Regular Meetings to address regular, quarterly business matters</i>	4
<i>Other Meetings to address business matters that arise between quarters, such as fair valuing the portfolio investments, quarterly audit committee presentations and review and approval of earnings reports, among other matters</i>	12

Each director makes a diligent effort to attend all Board of Directors and committee meetings, as well as our annual meeting of stockholders. All directors attended at least 75% of the aggregate number of meetings of the Board of Directors and of the respective committees on which they served. Each of our then-serving directors attended our 2017 annual meeting of stockholders in person.

Board Committees

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

As of the date of this prospectus, the members of each of our Board of Directors committees are as follows (the names of the respective committee chairperson are bolded):

Audit Joseph Hoffman	Compensation Jorge Titinger	Nominating and Governance Doreen Woo Ho
Robert Badavas	Allyn Woodward, Jr.	Thomas Fallon
Brad Koenig	Doreen Woo Ho	Joseph Hoffman
Allyn Woodward, Jr.		Brad Koenig

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

Committee Governance

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

Committee Responsibilities and Meetings

The key oversight responsibilities of the Board of Directors committees, and the number of meetings held by each committee during 2017, are as follows:

Audit Committee

Number of meetings held in 2017: 4

Overseeing the accounting and financial reporting processes and the integrity of the financial statements.

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Establishing procedures for complaints relating to accounting, internal accounting controls or auditing matters.

Examining the independence qualifications of our auditors.

Assisting our Board of Directors oversight of our compliance with legal and regulatory requirements and enterprise risk management.

Assisting our Board of Directors in fulfilling its oversight responsibilities related to the systems of internal controls and disclosure controls which management has established regarding finance, accounting, and regulatory compliance.

Reviewing and recommending to the Board of Directors the valuation of the Company's portfolio.

Compensation Committee

Number of meetings held in 2017: 8

Oversees our overall compensation strategies, plans, policies and programs.

The approval of director and executive compensation.

The assessment of compensation-related risks.

Nominating and Corporate Governance Committee

Number of meetings held in 2017: 3

Discharging our Board of Director's responsibilities related to general corporate governance practices, including developing, reviewing and recommending to our Board of Directors a set of principles to be adopted as the Company's Corporate Governance Guidelines.

Conducting an annual performance evaluation of our Board of Directors, its committees, and its members.

Reviewing board composition, size, and refreshment and identifying and recommending to our Board of Directors qualified director candidates.

Overseeing succession planning for CEO and NEOs of the Company.

Criteria considered by the NCG Committee in evaluating qualifications of individuals for election as members of the Board of Directors consist of the independence and other applicable NYSE corporate governance requirements; the 1940 Act and all other applicable laws, rules, regulations and listing standards; and the criteria, policies and principles set forth in the NCG Committee

charter.

Considers nominees properly recommended by a stockholder. Nominations for directors may be made by stockholders if notice is timely given and if the notice contains the information required in our Bylaws. Except as noted below, to be timely, proposals and nominations of stockholders must be delivered to our secretary no earlier than December 30, 2018 and not later than 5:00 p.m., Eastern Time, on January 29, 2019. Proposals must comply with the other requirements contained in our Bylaws, including supporting documentation and other information.

The NCG Committee regularly considers the composition of our Board to ensure there is a proper combination of skills and viewpoints. In 2017, the NCG Committee conducted a search to identify new director nominee candidates who would enhance the mix of leadership skills and qualifications on our Board. On October 25, 2017, the Board increased its size to eight directors and filled the vacancy by appointing Mr. Koenig to serve on the Board until such time as his successor is duly elected and qualified or until his earlier resignation or removal. On October 25, 2017, the Board also appointed Mr. Titingner to the Board until such time as his successor is duly elected and qualified or until his earlier resignation or removal. Mr. Titingner's appointment became effective at the time of the Annual Meeting, and he filled the position vacated by Susanne Lyons, who stepped down at the Annual Meeting.

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Director Independence

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

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

Communication with the Board

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

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

All communications involving accounting, internal accounting controls and auditing matters, possible violations of, or non-compliance with, applicable legal and regulatory requirements or our code of ethics, or retaliatory acts against anyone who makes such a complaint or assists in the investigation of such a complaint, will be referred to Melanie Grace, Secretary. The communication will be forwarded to the chair of our Audit Committee if our secretary determines that the matter has been submitted in conformity with our whistleblower procedures or otherwise determines that the communication should be so directed.

The acceptance and forwarding of a communication to any director does not imply that the director owes or assumes any fiduciary duty to the person submitting the communication, all such duties being only as prescribed by applicable law.

Code of Business Conduct and Ethics

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

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Availability of Corporate Governance Documents

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

Compensation Committee Interlocks and Insider Participation

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

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Discussion and Analysis discusses our 2017 executive compensation program, as it relates to the following executive officers:

Manuel A. Henriquez	Chairman of the Board of Directors and Chief Executive Officer (CEO)
Scott Bluestein	Chief Investment Officer
Melanie Grace	General Counsel, Chief Compliance Officer and Secretary
Gerard R. Waldt, Jr. ⁽¹⁾⁽²⁾	Interim Chief Accounting Officer
David Lund ⁽¹⁾	Interim Chief Financial Officer (CFO)
Mark Harris ⁽¹⁾	Chief Financial Officer
Andrew Olson ⁽²⁾	Vice President of Finance and Senior Controller

- (1) Effective November 2, 2017, the Company and Mr. Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer. The Board appointed David Lund, the Company's former Chief Financial Officer, as Interim Chief Financial Officer and Gerard R. Waldt, Jr., the Company's current Controller, as Interim Chief Accounting Officer.
- (2) Mr. Olson announced his resignation, effective July 21, 2017, from his position as Vice President of Finance and Senior Controller. Gerard R. Waldt, Jr., the Company's current assist Assistant Controller, assumed the position of Controller. Subsequently, the Board appointed Mr. Waldt as the Company's Interim Chief Accounting Officer.

We refer to Messrs. Henriquez, Bluestein, Waldt, Lund, Harris and Olson and Ms. Grace as our named executive officers, or NEOs.

Executive Summary

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

In 2017, the Company continued to review and enhance our compensation practices in accordance with our executive compensation philosophy. The review considered both compensation levels and company performance over a one-, three-, and five-year period from 2013 to 2017 (the Performance Periods). The Company believes that compensation paid to our NEOs for 2017 was commensurate with the Company's overall absolute performance as well as our performance relative to peers during the Performance Periods. The 2017 compensation decisions made by the Compensation Committee considered the fact that our performance relative to a peer group of companies was above the median, and in most cases above the 75th percentile, measured using:

Return on average assets (ROAA)

Return on equity (ROE)

Return on investment capital (ROIC)

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Total shareholder return (TSR)

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

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In addition to key factors involved in the 2017 decisions made by the Compensation Committee, we continue to maintain the enhancements to our executive officer compensation program that we adopted in 2016, such as our clawback policy for all Section 16 officers and consideration of a mix of corporate and individual performance factors for our NEOs. In 2017, the Company entered into retention awards with Messrs. Henriquez, Harris and Bluestein that provide for certain benefits upon certain terminations of employment.

Compensation Philosophy and Objectives

The primary principle of our compensation program is to engage and align a substantial portion of executive compensation to the financial strength, long-term profitability, and risk management of the Company and to the creation of long-term stockholder value. As an internally managed business development company, the Company's compensation program is designed to encourage our NEOs to think and act like stockholders. The structure of the NEOs' compensation program is designed to encourage and reward the following factors, among other things:

Sourcing and pursuing attractively priced investment opportunities to venture-backed and selected publicly-listed companies;

Maintaining credit quality, monitoring financial performance, and ultimately managing a successful exit of the Company's investment portfolio;

Achieving the Company's dividend objectives (which focus on stability and potential growth);

Providing compensation and incentives necessary to attract, motivate and retain key executives critical to our continued success and growth;

Focusing management behavior and decision-making on goals that are consistent with the overall strategy of the business;

Ensuring a linkage between NEO compensation and individual contributions to our performance; and

Creation of compensation principles and processes that are designed to balance risk and reward in a way that does not encourage unnecessary risk taking.

We believe that our continued success during 2017, despite strong competition for top-quality executive talent in the commercial and venture lending industry, was attributable to our ability to attract, motivate and retain the Company's outstanding executive team using both short- and long-term incentive compensation programs.

The Company's compensation objectives are achieved through its executive compensation program, which for 2017 consisted of the following:

Annual Base Salary: Cash paid on a regular basis throughout the year. This provides a level of fixed income that is market competitive to allow the Company to retain and attract executive talent.

Annual Cash Bonus Awards: Cash awards paid on an annual basis following year-end (not formulaic, but subject to Compensation Committee discretion, due to regulatory requirements that do not allow formulaic incentive plans; see Our Regulatory Status and Limitations Imposed by the Investment Company Act of 1940). This rewards NEOs who contribute to our financial performance and

strategic success during the year, and reward individual achievements.

Long-Term Equity Incentive Awards: Equity incentive awards vest 1/3 on a one-year cliff with remaining 2/3 vesting quarterly over two years based on continued employment with the Company. This rewards NEOs who contribute to our success through the alignment and creation of shareholder value, provide meaningful retention incentives, and reward individual achievements.

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

No employment agreements for NEOs.

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No guaranteed retirement benefits.

No tax gross ups for NEOs.

Clawback policy for all Section 16 officers.

No pension.

Maintain stock ownership guidelines for NEOs to own at least two times his or her salary.

No executive perquisite allowances beyond the benefit programs offered to all employees.

No repricing of stock options without stockholder approval, as required under applicable NYSE rules (and subject to other requirements under the 1940 Act).

Routinely engage an independent compensation consultant to review NEO compensation.

Executive Compensation Governance

The Company's executive compensation program is supported by strong corporate governance and Board-level oversight. The Compensation Committee provides primary oversight of our compensation programs, including the design and administration of executive compensation plans, assessment and setting of corporate performance goals, as well as individual performance metrics, and the approval of executive compensation. In addition, the Compensation Committee retains an independent compensation consultant, and where appropriate, discusses compensation-related matters with our CEO, as it relates to the other NEOs. The Compensation Committee developed our 2017 compensation program, and the compensation paid to our NEOs during and in respect of 2017 was approved by the Compensation Committee as well as all of our independent directors.

Role of Compensation Committee: The Compensation Committee is comprised entirely of independent directors who are also non-employee directors as defined in Rule 16b-3 under the Exchange Act, independent directors as defined by the NYSE rules, and are not interested persons of the Company, as defined by Section 2(a)(19) of the 1940 Act. For 2017, Susanne Lyons, Ms. Woo Ho and Mr. Woodward comprised the Compensation Committee and Ms. Lyons chaired the Compensation Committee from the beginning of the year through the 2017 annual meeting. Following the 2017 annual meeting, Ms. Woo Ho and Messrs. Titinger and Woodward comprised the Compensation Committee, and Mr. Titinger chaired the Compensation Committee.

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

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

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

evaluates our CEO's performance;

reviews our CEO's evaluation of the other NEOs' performance;

determines and approves the compensation paid to our CEO; and

with input from our CEO, reviews and approves the compensation of the other NEOs.

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

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

Subsequently, the Compensation Committee engaged Frederic W. Cook & Co. to provide the following services to the Committee:

Provide information, research, market analysis and recommendations with respect to our 2017 executive and non-employee director compensation programs, including evaluating the components of our executive and non-employee director compensation programs and the alignment of the compensation programs with our performance;

In connection with its research with respect to executive and non-employee director compensation programs, update the Compensation Committee on market trends, changing practices, and legislation pertaining to compensation programs;

Advise on the design of the executive and non-employee director compensation programs and the reasonableness of individual compensation targets and awards, including in the context of business and shareholder performance;

Provide advice and recommendations that incorporated both market data and Company-specific factors; and

Assist the Compensation Committee in making pay recommendations for the NEOs after the evaluation of, among other things, Company and individual performance, market pay level, and management recommendations.

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

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

Table of Contents**Index to Financial Statements****Competitive Benchmarking Against Peers**

To determine the competitiveness of executive compensation levels, the Compensation Committee analyzes a group of internally managed business development companies, financial services companies and real estate investment trusts (REITs) as set forth below (the Peer Group). The Peer Group is viewed as reflecting the labor market for our officer and employee talent, has a similar investor base, and, like the Company, the business development companies and REITs are pass-through entities with the majority of earnings required to be distributed to shareholders as a dividend. The Compensation Committee does not specifically benchmark the compensation of our NEOs against that paid by other companies. During 2017, the Compensation Committee, based on the advice of F.W. Cook, reviewed the peer group used in connection with prior compensation decisions. Based on this review, and the advice of F.W. Cook, the Compensation Committee updated our Peer Group to better align it to our business. Our Peer Group was used as a factor in determining the annual cash bonus awards made with respect to 2017 (but paid in 2018) as well as the further considerations further described below under *Annual Cash Bonus Awards* . The Peer Group data used in such determination is for the period January 1, 2017 through September 30, 2017.

Our current Peer Group includes:

Internally Managed Business Development Companies: Triangle Capital⁽¹⁾, KCAP Financial, and Main Street Capital.

Financial Services: Alliance Bernstein, BGC Partners, Cowen Group, Evercore Partners, Fortress Investment Group, Greenhill & Co., Houlihan Lokey, LPL Financial Holdings, On Deck Capital, and Wisdom Tree Investment.

Real Estate Investment Trusts: Capstead Mortgage, CYS Investments, Hannon Armstrong, iStar Inc., Ladder Capital, MFA Financial, Redwood Trust, Sabra Health Care, and Seritage Growth.

As of September 30, 2017, which is the period the Compensation Committee reviewed our Peer Group, the Company outperformed most of its Peer Group over the one-, three- and five-years as follows:

Performance	Return on Average Assets (excl. cash)		Return on Equity		Return on Invested Capital		Total Shareholder Returns	
	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group	HTGC	% Rank of Peer Group
1-year	6.3%	100%	11.1%	100%	6.4%	100%	4.6%	41%
3-year	6.1%	99%	10.4%	99%	6.2%	99%	6.5%	59%
5-year	6.4%	98%	10.6%	97%	6.5%	98%	13.6%	61%

1-, 3- and 5-year calculations of performance are based on Q3 2017 and as of November 10, 2017 for TSR.

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

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

Data source: S&P Capital IQ

The Company believes that compensation paid to our NEOs for 2017 was commensurate with the Company's overall absolute performance as well as our performance relative to the Peer Group during the relevant Performance Periods. The 2017 compensation decisions made by the Compensation Committee considered the fact that our performance relative to the Peer Group was above the median, and in most cases above the 75th percentile, measured using Return on Average Assets, Return on Equity, Return on Investment Capital and Total Shareholder Return during the trailing one-, three-, and five-years as indicated in the chart above.

(1) Triangle Capital is no longer included in the 2018 peer group since it was acquired by Benefit Street Partners.

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In addition, the Compensation Committee also considers the Company's total shareholder returns as compared to a select number of business development company Peers⁽¹⁾ to consider the competitiveness of executive compensation levels. As of December 30, 2017, the Company delivered the following TSR results⁽²⁾ as compared to our select business development company peers:

Performance	Total Shareholder Returns	
	HTGC	BDC Peer Group
1-year	1.8%	1.1%
3-year	13.2%	9.3%
5-year	72.4%	12.6%

(1) BDC Peers: AINV, ARCC, BKCC, OCSL, FSIC, GBDC, GSBD, KCAP, MAIN, MCC, NMFC, PNNT, PSEC, SLRC, TCAP, TCPC, TCRD, TICC, TSLX

(2) Data Source: S&P Capital IQ

CEO Pay Ratio

For 2017, our last completed fiscal year, the median of the annual total compensation of all of our employees (other than Mr. Henriquez, our Chief Executive Officer (our CEO)) was \$209,713, and the annual total compensation of our CEO, as reported in the Summary Compensation Table, was \$8,235,700. Based on this information, our CEO's 2017 annual total compensation was approximately 39.3 times that of the median of the 2017 annual total compensation of all of our employees.

We selected December 31, 2017 as the date used to identify our median employee whose annual total compensation was the median of the annual total compensation of all our employees (other than our CEO) for 2017. As of December 31, 2017, our employee population consisted of 66 individuals (other than Mr. Henriquez), located in our California, Connecticut, Illinois, Massachusetts, New York and Washington, D.C. offices. We compared the annual total compensation for our employee population in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K, which included salary, bonus, stock awards and employer contributions to employee accounts in our 401(k) plan. In making this determination, we annualized the compensation of 79 employees who either were hired or terminated in 2017 but did not work for us the entire fiscal year.

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

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

Limit our ability to implement non-equity incentive plans (i.e., cash incentive plans) that would restrict the discretion and decision-making authority of our Compensation Committee. The 1940 Act Requirements provide that we may maintain either an equity incentive plan or a profit sharing plan. A profit sharing plan as defined under the 1940 Act is any written or oral plan, contract, authorization or arrangement, or any practice, understanding or undertaking whereby amounts payable under the compensation plan are dependent upon or related to the profits of the company. The SEC has stated that compensation plans possess profit-sharing characteristics if an investment company is obligated to make payments under such a plan based on the level of income, realized gains or loss on investments or unrealized appreciation or depreciation of assets of such investment company.

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We believe that equity incentives strongly align the interests of our stockholders with our executive officers and other employees, and, accordingly, we implemented an equity incentive plan in 2004. Given our 2004 Equity Incentive Plan, referred to as the Equity Plan, the 1940 Act Requirements prohibit us from also implementing a cash incentive plan that restricts our Compensation Committee's discretion in the final determination of cash incentive awards.

Limit the terms we may include in our Equity Plan and limit our ability to implement certain changes to our Equity Plan without the SEC's approval. Our Equity Plan is administered pursuant to specific exemptive orders granted by the SEC. We believe the current structure of our Equity Plan reflects the terms and plan provisions currently permitted for an internally-managed business development company.

Why is this important to the Company's executive compensation? The 1940 Act Requirements that restrict the Company to sponsoring either an equity incentive plan or a profit sharing plan limit the Company's use of formulas or non-discretionary objective performance goals or criteria in its incentive plans. This means that the Compensation Committee is not permitted to use a nondiscretionary formulaic application of any performance criteria for corporate and individual goals to determine compensation. Rather, the Compensation Committee must take into consideration all factors and use its discretion to determine the appropriate amount of compensation for our NEOs. The Compensation Committee's objective is to work within this regulatory framework to maintain and motivate pay-for-performance alignment, to establish appropriate compensation levels relative to our Peer Group and to implement compensation best practices. Annual cash bonus decisions are not made pursuant to a formulaic cash bonus plan in order to comply with our obligations under the 1940 Act.

2017 Advisory Vote on Executive Compensation

At our 2017 annual meeting of stockholders, our advisory vote on say-on-pay received support from our stockholders with 94% of votes cast. The Company believes that the continuing dialogue with our stockholders on company performance, compensation and other governance matters is important. In advance of our 2017 annual meeting of stockholders, management engaged in numerous direct dialogues with our largest institutional shareholders, as well as a number of other institutional shareholders, to gain broad-based and/or specific insights into the Company's overall performance, operating expenses, including executive compensation and corporate governance practices. In addition, we invited each of our institutional stockholders holding more than 1% of the Company's stock to speak directly with management specifically on executive compensation and corporate governance practices. The Company anticipates continuing our stockholder engagement efforts following the 2018 annual meeting and in advance of our future annual meetings.

Assessment of Company Performance

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

Our business plan involves taking on credit risk over an extended period of time, and a premium is placed on our ability to maintain stability and growth of net asset values as well as continuity of earnings growth to pass through to stockholders in the form of recurring dividends over the long term. Our strategy is to generate income and capital gains from our investments in the debt with warrant securities, and to a lesser extent direct equity, of our portfolio companies. This income supports the anticipated payment of dividends to our stockholders. Therefore, a key element of our return to stockholders is current income through the payment of dividends. This recurring payout requires methodical asset acquisition analyses as well as highly active monitoring and

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management of our investment portfolio over time. To accomplish these functions, our business requires implementation and oversight by management and key employees with highly specialized skills and experience in the venture debt industry. A substantial part of our employee base is dedicated to the generation of new investment opportunities to allow us to sustain dividends and to the maintenance of asset values in our portfolio. In addition to the performance factors above, the Company considered the following Company-specific performance factors over the relevant Performance Periods: overall credit performance, performance against annual gross funding goals, overall yields, efficiency ratios, total and net investment income and realized and unrealized gains and losses.

Elements of Executive Compensation and 2017 Compensation Determinations***Base Salary***

We believe that base salaries are a fundamental element of our compensation program. The Compensation Committee establishes base salaries for each NEO to reflect (i) the scope of the NEO's industry experience, knowledge and qualifications, (ii) the NEO's position and responsibilities and contributions to our business growth and (iii) salary levels and pay practices of those companies with whom we compete for executive talent.

The Compensation Committee considers base salary levels at least annually as part of its review of the performance of NEOs and from time to time upon a promotion or other change in job responsibilities. During its review of base salaries for our executives, the Compensation Committee primarily considers: individual performance of the executive, including leadership and execution of strategic initiatives and the accomplishment of business results for our company; market data provided by our compensation consultant; our NEOs' total compensation, both individually and relative to our other NEOs; and for NEOs other than the CEO, the base salary recommendations of our CEO.

NEO	2017 Base Salary
Manuel A. Henriquez	\$ 827,249
Scott Bluestein	\$ 500,000
Melanie Grace	\$ 345,000
Gerard R. Waldt, Jr. ⁽¹⁾⁽³⁾	\$ 152,800
David Lund ⁽¹⁾⁽²⁾	\$ 49,854
Mark Harris ⁽¹⁾	\$ 347,105
Andrew Olson ⁽³⁾	\$ 121,847

- (1) Effective November 2, 2017, the Company and Mr. Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer. The Board appointed David Lund, the Company's former Chief Financial Officer, as Interim Chief Financial Officer and Gerard R. Waldt, Jr., the Company's current Controller, as Interim Chief Accounting Officer.
- (2) Mr. Lund began as a contractor on October 31, 2017 serving as the Company's Interim Chief Financial Officer. The base salary represents base compensation amounts paid to Mr. Lund between October 31, 2017 and December 31, 2017.
- (3) Mr. Olson announced his resignation, effective July 21, 2017, from his position as Vice President of Finance and Senior Controller. Gerard R. Waldt, Jr., the Company's current assist Assistant Controller, assumed the position of Controller. Subsequently, the Board appointed Mr. Waldt as the Company's Interim Chief Accounting Officer.

Annual Cash Bonus Awards

The Compensation Committee, together with input from our CEO, developed a specific bonus pool for the 2017 operating year to be available for our annual cash bonus program. The amount determined to be available for our annual cash program was dependent upon many factors that are not formulaic due to our obligations under the 1940 Act.

The Compensation Committee designs our annual cash bonuses to motivate our NEOs to achieve financial and non-financial objectives consistent with our operating plan. The Compensation Committee generally targets

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cash bonuses to 50% to 100% of an NEO's base salary; however, such bonus amounts may exceed these targets in the event of exceptional company and individual performance.

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

In evaluating the performance of our NEOs to arrive at their 2017 cash bonus awards, the Compensation Committee specifically compared our performance and the returns of our stockholders against the performance and shareholder returns of other select business development companies. In particular, the Committee considered our high relative total shareholder return and high return on invested capital relative to peer group benchmarks as this shows the success for shareholders and of the core business mission of allocating equity and debt capital efficiently for a high risk-adjusted return.

In evaluating the performance of our NEOs to arrive at their 2017 cash bonus awards, the Compensation Committee specifically compared our performance and the returns of our stockholders against the performance and shareholder returns of other business development companies. In particular, the Committee considered our high relative total shareholder return, which was above the median over the three-year and five-year performance periods, and our return on invested capital relative to peer group benchmarks, which was the highest in the compensation peer group over the last year, as this shows the success for shareholders and of the core business mission of allocating equity and debt capital efficiently for a high risk-adjusted return.

When sizing our cash bonus pool and allocating bonus awards, the total compensation paid to our NEOs and other employees is evaluated against the expense ratios of other business development companies. With respect to 2017, company-wide compensation expense as a percentage of average assets among the peers in the Peer Group was considered. For the fiscal year ended December 31, 2017, the ratio of our compensation expense divided by total revenue was below the median of our Peer Group.

Based on the foregoing considerations and analysis, and after due deliberation, the Compensation Committee awarded our current NEOs the following annual cash bonuses with respect to 2017.

NEO	2017 Cash Bonus Award ⁽¹⁾
Manuel A. Henriquez	\$ 1,600,000
Scott Bluestein	\$ 750,000
Melanie Grace	\$ 145,000
Gerard R. Waldt, Jr.	\$ 150,000

(1) Messrs. Lund, Harris and Olson did not receive cash bonuses for 2017.

Long-Term Equity Incentive Compensation**2004 Equity Incentive Plan**

Our long-term equity incentive compensation is designed to develop a strong linkage between pay and our strategic goals and performance, as well as to align the interests of our NEOs, and other executives and key employees, with those of our stockholders by awarding long-term equity incentives in the form of stock options, restricted stock and/or restricted stock units. These awards are made pursuant to our Equity Plan, which permits options, restricted stock and restricted stock unit awards.

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We believe that annual equity grants, in the form of restricted stock awards or restricted stock units, to our NEOs are a critical part of our compensation program as they allow us to:

Align our business plan, stockholder interests and employee concerns,

Manage dilution associated with equity-based compensation,

Match the return expectations of the business more closely with our equity-based compensation plan, and

Retain key management talent.

We believe that these annual equity grants motivate performance that is more consistent with the type of return expectations that we have established for our stockholders. Accordingly, the Company awards restricted stock award grants to our NEOs. These grants typically vest over three years.

Grant Practices for Executive Officers

Annual equity compensation grants to executive officers have typically been granted in the first quarter of the year. The Company does not grant stock options to executive officers. As a result, there were no option grants to our NEOs in 2017.

Restricted Stock Units

In January 2018, the Compensation Committee granted restricted stock units to the NEOs. With respect to the restricted stock units, the Compensation Committee assessed each current NEO's individual performance for 2017, our overall company performance in 2017 and the levels of equity compensation paid by other companies with whom we compete for executive talent. Based on this assessment, the Compensation Committee determined that the following restricted stock units be granted to our current NEOs with respect to 2017, in the amounts and on the dates set forth below to reward them for services performed in 2017. These restricted stock units vest as to one-third of the shares underlying the awards on the first anniversary of the grant date, and they vest as to the remaining shares in equal quarterly installments over the next two years. Settlement of the restricted stock units is deferred following vesting and the restricted stock units will not be settled until the earliest to occur of (1) January 9, 2022, (2) the death or disability of the NEO, (3) the separation from service of the NEO, or (4) a change in control of the Company. Each restricted stock unit will entitle the holder to dividend equivalents in the form of the Company's common stock, which dividend equivalent payments will be settled on the date the related restricted stock unit is settled. We believe these restricted stock unit awards assist the Company in retaining the NEOs and the deferred provisions effectively create a mandatory post-vesting holding period to ensure a long-term alignment horizon.

NEO	Grant Date	Restricted Stock Units ⁽²⁾	Fair Value of Restricted Stock Units ⁽¹⁾
Manuel A. Henriquez	01/09/2018	230,125	\$ 3,000,830
Scott Bluestein	01/09/2018	92,024	\$ 1,199,993
Melanie Grace	01/09/2018	12,845	\$ 167,499
Gerard R. Waldt, Jr.	01/09/2018	7,669	\$ 100,004

(1) Based on the closing price per share of our common stock of \$13.04 on January 9, 2018.

(2) Messrs. Lund, Harris and Olson did not receive grants of restricted stock units.

Restricted Stock Awards

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In January 2018, the Compensation Committee assessed each current NEO's individual performance for 2017, our overall company performance in 2017 and the levels of equity compensation paid by other companies

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with whom we compete for executive talent. Based on this assessment, the Compensation Committee determined that the following restricted stock awards be made to our current NEOs with respect to 2017, in the amounts and on the dates set forth below to reward them for services performed in 2017. These restricted stock awards vest as to one-third of the shares underlying the awards on the first anniversary of the grant date, and they vest as to the remaining shares in equal quarterly installments over the next two years.

NEO	Grant Date	Restricted Stock Awards ⁽²⁾	Fair Value of Restricted Stock Awards ⁽¹⁾
Manuel A. Henriquez	01/09/2018	230,125	\$ 3,000,830
Scott Bluestein	01/09/2018	92,025	\$ 1,200,006
Melanie Grace	01/09/2018	12,845	\$ 167,499

(1) Based on the closing price per share of our common stock of \$13.04 on January 9, 2018.

(2) Messrs. Waldt, Lund, Harris and Olson did not receive grants of restricted stock awards.

Other Elements of Compensation

Retention Agreements: Messrs. Henriquez, Harris and Bluestein entered into retention agreements with the Company in October 2017 which provide for severance benefits in the event of certain terminations of employment. In November 2017, Mr. Harris and the Company mutually agreed to enter into a separation agreement, which supersedes the terms of Mr. Harris' retention agreement. Messrs. Lund and Waldt and Ms. Grace do not have a written severance agreement or other arrangement providing for payments or benefits upon a termination of employment. No NEO is entitled to any tax gross up payment if severance is paid in connection with a change-in-control.

Benefits and Perquisites: Our NEOs receive the same benefits and perquisites as other full-time employees. Our benefits program is designed to provide competitive benefits and is not based on performance. Our NEOs and other full-time employees receive health and welfare benefits, which consist of life, long-term and short-term disability, health, dental and vision insurance benefits and the opportunity to participate in our defined contribution 401(k) plan. During 2017, our 401(k) plan provided for a match of contributions by the company for up to \$18,000 per full-time employee. Other than the benefits set forth immediately above, our NEOs are not entitled to any other benefits or perquisites.

Potential Payments Upon Termination or Change of Control: No NEO or employee of the Company has a written employment agreement, or other agreement, providing for enhanced cash payments in connection with a change of control of the Company except with respect to the retention agreements described herein. Further, no NEO or any other employee is entitled to any tax gross-up payments.

Retention Agreements

In October 2017, Messrs. Henriquez, Harris and Bluestein entered into retention agreements with the Company pursuant to which, if (1) the Executive's employment is terminated by the Company without cause or by the Executive for good reason, or (2) the Company becomes an externally managed business development company and the new external advisor does not make a written offer of employment to the Executive or makes a written offer of employment to the Executive that is not on similar terms to the Executive's current employment with the Company (including, without limitation, authority, responsibilities, base salary, annual bonus opportunity, long term incentive opportunity and retention benefits) and the Executive does not accept such offer then, subject to the Executive's execution of a release of claims in favor of the Company, each of Mr. Henriquez and Mr. Bluestein shall be entitled to receive the following benefits:

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Mr. Henriquez shall be entitled to receive (a) a lump sum payment in an amount equal to two times the sum of (i) annual base salary and (ii) an amount equal to the three-year average annual bonus actually earned by and paid to Mr. Henriquez for the three full performance periods immediately prior to the

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termination date; (b) any unpaid annual bonus earned with respect to a prior performance period and not yet paid as the date of termination; (c) a pro rata annual bonus with respect to the performance period in which termination of employment occurs, (d) (x) continued vesting of outstanding equity awards for two years in the case of a termination not in connection with a change in control of the Company or (y) full vesting of outstanding equity awards in the case of a termination in connection with a change in control of the Company and (e) reimbursement of the full amount of COBRA premiums for Mr. Henriquez and his eligible dependents for 18 months following termination of employment.

Mr. Bluestein shall be entitled to receive (a) a lump sum payment in an amount equal to 1.75 times the sum of (i) annual base salary and (ii) an amount equal to the three-year average annual bonus actually earned by and paid to Mr. Bluestein for the three full performance periods immediately prior to the termination date; (b) any unpaid annual bonus earned with respect to a prior performance period and not yet paid as the date of termination; (c) a pro rata annual bonus with respect to the performance period in which termination of employment occurs, (d) (x) continued vesting of outstanding equity awards for 1.75 years in the case of a termination not in connection with a change in control of the Company or (y) full vesting of outstanding equity awards in the case of a termination in connection with a change in control of the Company and (e) reimbursement of the full amount of COBRA premiums for Mr. Bluestein and his eligible dependents for 18 months following termination of employment.

In November 2017, Mr. Harris and the Company mutually agreed to enter into a separation agreement, which provides that the Company will pay Mr. Harris a monetary sum equivalent to six months gross base salary plus up to an additional six months subject to Mr. Harris certifying he is not employed and is actively seeking employment during such time. In addition, the Company will reimburse Mr. Harris for health insurance premiums for Mr. Harris and his eligible dependents under COBRA for a period of up to twelve months subject to the same qualifications applicable to payments based on his gross base salary. The separation agreement also contains certain additional provisions that are customary for agreements of this type, including confidentiality, non-solicitation, and non-disparagement covenants, as well as a general release in favor of the Company against certain claims. The separation agreement supersedes the terms of Mr. Harris' retention agreement, under which he would have received (a) a lump sum payment in an amount equal to 1.5 times the sum of (i) annual base salary and (ii) an amount equal to the three-year average annual bonus actually earned by and paid to Mr. Harris for the three full performance periods immediately prior to the termination date; (b) any unpaid annual bonus earned with respect to a prior performance period and not yet paid as the date of termination; (c) a pro rata annual bonus with respect to the performance period in which termination of employment occurs, (d) (x) continued vesting of outstanding equity awards for 1.5 years in the case of a termination not in connection with a change in control of the Company or (y) full vesting of outstanding equity awards in the case of a termination in connection with a change in control of the Company and (e) reimbursement of the full amount of COBRA premiums for Mr. Harris and his eligible dependents for 18 months following termination of employment.

Retention Performance Stock Units and Cash Retention Bonus Awards

On May 2, 2018, the Company granted long-term Retention Performance Stock Unit awards (the "Retention PSUs") under its 2004 Equity Incentive Plan to Messrs. Henriquez and Bluestein, and separate cash bonus awards with similar terms (the "Cash Awards") to Mr. Waldt and three other senior personnel. The awards are designed to provide incentives that increase along with the total shareholder return ("TSR") and further align the interests of key management with those of the Company's shareholders. The Company believes that there is a highly competitive market place for senior personnel that have the experience and track record of successfully sourcing, financing and managing the asset class in which the Company invests. Accordingly, the Compensation Committee and the other independent directors adopted this program with the assistance of F.W. Cook. These awards are intended to promote long term management consistency and retention and to mitigate the likelihood of departure to competitors of those individuals most responsible for delivering financial performance to our

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shareholders. The objectives are sought to be achieved by offering a four year cliff vesting retention program to reward critical executives and senior personnel, whose services are valuable to the Company and industry competitors as a result of their proven and specialized expertise sourcing and funding venture debt. The target number of Retention PSUs granted to Mr. Henriquez and Mr. Bluestein are 812,348 and 487,409, respectively. The target amount of the Cash Award granted to Mr. Waldt is \$500,000, and \$3,500,000, in the aggregate, for the three other senior personnel.

The Retention RSUs and Cash Awards do not vest until the fourth anniversary cliff vest of the grant date (or a change in control of the Company, if earlier) and the Retention PSUs must generally be held and not disposed of until the fifth anniversary of the grant date, except in the event of death, disability or a change in control. No Retention PSUs or Cash Awards will vest if the Company's TSR relative to certain specified publicly traded business development companies is not at or above the 25th percentile level of such business development companies. 50% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such business development companies is at the 25-percentile level. 100% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such business development companies is at the 50th percentile level. 200% of the target Cash Award and target number of Retention PSUs will vest if the Company's TSR performance relative to such business development companies is at the 90th percentile level. If the Company's TSR performance is between the 25th percentile and the 50th percentile, or between the 50th percentile and the 90th percentile, of such business development companies, the amount of the Cash Awards vested and payable and the number of vested and payable Retention PSUs will be determined by linear interpolation between the foregoing metrics. Dividend equivalents will accrue in respect only of the Retention PSUs in the form of additional Retention PSUs, but will not be paid unless the Retention PSUs to which such dividend equivalents relate actually vest. The Cash Awards are not eligible to accrue dividend equivalents. TSR is calculated assuming dividend reinvestment and measurement begins on the date of grant and utilizes a 20-trading day volume weighted average price ending on the last trading day of the four year TSR performance period.

In the event of death or disability occurring prior to the fourth anniversary of the date of grant, Retention PSUs and the Cash Awards will vest, along with, in the case only of the Retention PSUs, any accrued dividend equivalents, on the date of such death or disability, with the Relative TSR Percentile Rank used to calculate such vesting to be the greater of (a) 50% and (b) the actual Relative TSR Percentile Rank as of the date of such death or disability. In the event of a voluntary termination prior to the fourth anniversary, all Cash Awards and Retention PSUs, and accrued dividend equivalents, will be forfeited. In the event of an involuntary termination without Cause prior to the fourth anniversary of the date of grant, the Retention PSUs and Cash Awards will be pro-rated based on service through the date of termination and such pro-rated Retention PSUs and Cash Awards will vest based on the actual relative TSR performance over the four-year TSR performance period. In the event of a termination for Cause occurring at any time prior to delivery of the shares underlying the Retention PSUs or payment of the Cash Awards, all Retention PSUs and accrued dividend equivalents, and Cash Awards will be forfeited.

In the event of a change in control of the Company, Retention PSUs and Cash Awards will vest and be paid on a non-pro-rated basis based on the actual relative TSR performance through the date of the change in control utilizing the transaction price for the Company and the peer group TSR through the date of the change in control.

Corporate Goals

For 2017, the Compensation Committee developed corporate goals that were required to be achieved for executive officers to receive up to 50% of their incentive compensation. These goals included operational performance as well as performance relative to the Peer Group. While the criteria may not be weighted, the Compensation Committee took into consideration each of these factors to determine whether the executive officers are eligible for up to 50% of the proposed incentive compensation. The Compensation Committee believes that the corporate goals applicable to all executive officers create an alignment not only with shareholders but also to the Company's business strategy and performance goals.

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Defined Individual Goals

For 2017, the Compensation Committee developed individual goals for the CEO. In addition, the CEO and each NEO developed individual goals for the NEOs and such goals were approved by the Compensation Committee. Each set of individual goals are unique to the executive officer's responsibilities and position within the Company. While each of the factors may not be weighted, the Compensation Committee took into consideration each of these factors to determine whether the executive officers are eligible for up to 50% of the executive officer's incentive compensation.

Pay-for-Performance Alignment

The Company believes that there exists an alignment between the compensation of our NEOs and our performance over the relevant Performance Periods. As noted above, a broad range of individual performance factors and company performance factors are analyzed each year, including total shareholder return relative to our Peer Group, and, in 2017, analysis of relative ROAA, ROE, and ROIC versus the compensation peers over one-, three-, and five-years to measure short-, medium-, and long-term performance. The objective in analyzing these key performance factors is to align NEO compensation to our performance relative to our Peer Group and our absolute corporate performance.

The Company's annual bonus and equity awards constitute an effective mix of short- and long-term compensation components and reflect key measures of our performance and the returns enjoyed by our stockholders. Consistent with our pay-for-performance philosophy, the Compensation Committee will make future compensation decisions taking into account our absolute and relative performance, and, if our future performance were to fall significantly below our peers, the Compensation Committee would consider adjusting NEO compensation prospectively.

Total Compensation Expense Relative to other Internally Managed Business Development Companies

In determining annual bonus awards, the total compensation paid to our NEOs and other employees against the expense ratios of other internally managed business development companies, as well as a comparison to total SG&A for select externally managed business development companies, was considered.

Internal Pay Equity Analysis

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

As part of the Compensation Committee's review, we made a comparison of our CEO's total compensation paid for the period ending November 29, 2017 against that paid to our other NEOs during the same year. Upon review, the Compensation Committee determined that our CEO's compensation relative to that of our other NEOs was appropriate because of his level and scope of responsibilities, expertise and performance history, and other factors deemed relevant by the Compensation Committee. The Compensation Committee also reviewed the mix of the individual elements of compensation paid to our NEOs for this period, the individual performance of each NEO and any changes in responsibilities of the NEO.

Stock Ownership Guidelines

The Company maintains stock ownership guidelines, which are outlined in our corporate governance guidelines, because we believe that material stock ownership by our executives plays a role in effectively

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aligning the interests of these employees with those of our stockholders and strongly motivates our executives to build long-term shareholder value. Pursuant to our stock ownership guidelines, each member of senior management is required to beneficially own at least two times the individual's annual salary in Company common stock, based on market value, within three years of joining the Company. Our Board may make exceptions to this requirement based on particular circumstances; however, no exceptions have been made for our current NEOs. Messrs. Henriquez and Bluestein have met their minimum guidelines. The Compensation Committee's review of the NEO's stock ownership in the fourth quarter of 2017 showed that:

As of December 31, 2017, Mr. Henriquez beneficially owned 1,856,509 shares of Company stock and restricted stock. Based on his 2017 salary of \$827,249, he beneficially owns shares worth 29x his annual base salary.

As of December 31, 2017, Mr. Bluestein beneficially owned 207,775 shares of Company stock and restricted stock. Based on his 2017 salary of \$500,000, he beneficially owns shares worth 5x his annual base salary.

Tax and Accounting Matters

Stock-Based Compensation. We account for stock-based compensation, including options and shares of restricted stock granted pursuant to our Equity Plan and 2006 Non-Employee Director Plan in accordance with the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 718. Under the FASB ASC Topic 718, we estimate the fair value of our option awards at the date of grant using the Black-Scholes-Merton option-pricing model, which requires the use of certain subjective assumptions. The most significant of these assumptions are our estimates on the expected term, volatility and forfeiture rates of the awards. Forfeitures are not estimated due to our limited history but are reversed in the period in which forfeiture occurs. As required under the accounting rules, we review our valuation assumptions at each grant date and, as a result, are likely to change our valuation assumptions used to value stock-based awards granted in future periods. We estimate the fair value of our restricted stock awards based on the grant date market closing price.

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

Effective for tax years beginning on or after January 1, 2018, Section 162(m) of the Code generally limits the deductibility of all compensation paid to certain executive officers to \$1,000,000 per affected executive officer. A transition rule applies to qualifying performance-based compensation granted pursuant to a written binding contract prior to November 2, 2017, which has not been materially modified since that date.

The Compensation Committee intends to balance its objective of providing compensation to our NEOs that is fair, reasonable, and competitive with the Company's ability to claim compensation expense deductions. Our Board believes that the best interests of the Company and our stockholders are served by executive compensation programs that encourage and promote our principal compensation philosophy, enhancement of shareholder value, and permit the Compensation Committee to exercise discretion in the design and implementation of compensation packages. Accordingly, we may from time to time pay compensation to our NEOs that may not be fully tax deductible, (including by reason of Section 162(m) of the Code), including certain bonuses and restricted stock. Stock options granted under our stock plan for tax years beginning on or prior to December 31, 2017 are intended to qualify as performance-based compensation under Section 162(m) of the Code. The Company will continue to review its executive compensation plans periodically to determine what changes, if any, should be made as a result of any deduction limitations.

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Clawback Policy for Section 16 Officers

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

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

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

Risk Assessment of the Compensation Programs

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

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

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

Bonus payouts and equity incentive awards that are not based solely on corporate performance objectives, but are also based on individual performance levels;

The financial opportunity in our long-term equity incentive program that is best realized through long-term appreciation of our stock price, which mitigates excessive short-term risk-taking;

Annual cash bonuses that are paid after the end of the fiscal year to which the bonus payout relates;

The engagement and use of a compensation consultant;

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The institution of stock ownership guidelines applicable to our executive officers; and

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

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Name and Principal Position	Year	Salary (\$) ⁽¹⁾	Bonus (\$) ⁽²⁾	Stock Awards (\$) ⁽³⁾	Option Awards (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total (\$)
Manuel A. Henriquez <i>Chairman & Chief Executive Officer</i>	2017	\$ 827,249	\$ 1,600,000	\$ 5,000,002		\$ 808,449	\$ 8,235,700
	2016	\$ 803,154	\$ 1,200,000	\$ 4,005,335		\$ 771,425	\$ 6,779,914
	2015	\$ 779,762	\$ 1,000,000	\$ 4,472,142		\$ 1,635,353	\$ 7,887,257
Scott Bluestein <i>Chief Investment Officer</i>	2017	\$ 500,000	\$ 750,000	\$ 1,750,004		\$ 175,872	\$ 3,175,876
	2016	\$ 432,600	\$ 650,000	\$ 1,249,040		\$ 200,555	\$ 2,532,195
	2015	\$ 420,000	\$ 525,000	\$ 670,212		\$ 193,370	\$ 1,808,582
Melanie Grace <i>General Counsel, Chief Compliance Officer & Secretary</i>	2017	\$ 345,000	\$ 145,000	\$ 300,002		\$ 57,061	\$ 847,063
	2016	\$ 283,250	\$ 145,000	\$ 112,894		\$ 40,726	\$ 581,870
	2015	\$ 79,167	\$ 50,000	\$ 112,500		\$ 36,466	\$ 278,133
Gerard R. Waldt, Jr. <i>Interim Chief Accounting Officer</i>	2017	\$ 152,800	\$ 150,000	\$		\$ 8,708	\$ 311,508
	2016	\$ 23,333		\$ 68,300			\$ 91,633
David Lund ⁽⁵⁾ <i>Interim Chief Financial Officer</i>	2017	\$ 49,854	\$	\$		\$	\$ 49,854
Mark Harris ⁽⁶⁾ <i>Chief Financial Officer</i>	2017	\$ 347,105	\$	\$ 500,007		\$ 95,255	\$ 942,367
	2016	\$ 412,000	\$ 400,000	\$ 396,330		\$ 95,624	\$ 1,303,954
	2015	\$ 166,667	\$ 200,000	\$ 400,001		\$ 26,404	\$ 793,072
Andrew Olson ⁽⁷⁾ <i>Vice President of Finance and Senior Controller</i>	2017	\$ 121,847	\$	\$ 249,997		\$ 21,211	\$ 393,054
	2016	\$ 211,150	\$ 150,000	\$ 72,060		\$ 28,684	\$ 461,894
	2015	\$ 186,250	\$ 195,000	\$ 53,332		\$ 22,717	\$ 457,299

- (1) Salary column amounts represent base salary compensation received by each named executive officer (NEO) for the listed fiscal year.
- (2) Bonus column amounts represent the annual cash bonus earned during the fiscal year and awarded and paid out during the first quarter of the following fiscal year.
- (3) The amounts reflect the aggregate grant date fair value of restricted stock unit awards made to our NEOs and former NEOs during the applicable year computed in accordance with FASB ASC Topic 718. The grant date fair value of each restricted stock award is measured based on the closing price of our common stock on the date of grant.
- (4) All Other Compensation column includes the following:
- We made matching contributions under our 401(k) plan of (a) \$18,000 in 2017 to Messrs. Henriquez, Bluestein, Harris and Olson and Ms. Grace and \$8,708 to Mr. Waldt; (b) \$18,000 in 2016 to Messrs. Henriquez, Bluestein, Harris and Olson and \$17,703 to Ms. Grace; and (c) \$18,000 in 2015 to Messrs. Henriquez, Bluestein and Olson.
- Distributions to Messrs. Henriquez, Bluestein, Harris, Olson, and Ms. Grace in the amount of \$339,385, \$87,148, \$32,021, \$3,211 and \$11,999, respectively, were paid on unvested restricted stock awards during 2017.
- Distributions to Messrs. Henriquez, Bluestein, Harris, and Olson and Ms. Grace in the amount of \$753,425, \$182,555, \$77,624, \$10,684 and \$23,023, respectively, were paid on unvested restricted stock awards during 2016.
- Distributions to Messrs. Henriquez, Bluestein, Harris and Olson and Ms. Grace in the amount of \$845,550, \$134,985, \$22,587, \$4,717 and \$3,100, respectively, were paid on unvested restricted stock awards during 2015.
- Dividend equivalent shares to Messrs. Henriquez and Bluestein valued at \$451,064 and \$157,872, respectively, and to Ms. Grace valued at \$27,063 were issued on restricted stock units during 2017.

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Mr. Harris received severance payments in the amount of \$77,255 during 2017.

- (5) Mr. Lund began as a contractor on October 31, 2017 serving as the Company's Interim Chief Financial Officer. The salary represents base compensation amounts paid to Mr. Lund between October 31, 2017 and December 31, 2017.
- (6) Effective November 2, 2017, the Company and Mr. Harris mutually agreed that Mr. Harris would separate from the Company and end his tenure as Chief Financial Officer and Chief Accounting Officer. The Board appointed David Lund, the Company's former Chief Financial Officer, as Interim Chief Financial Officer and Gerard R. Waldt, Jr., the Company's current Controller, as Interim Chief Accounting Officer.
- (7) Mr. Olson announced his resignation, effective July 21, 2017, from his position as Vice President of Finance and Senior Controller. Gerard R. Waldt, Jr., the Company's current assist Assistant Controller, assumed the position of Controller. Subsequently, the Board appointed Mr. Waldt as the Company's Interim Chief Accounting Officer.

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Grants of Plan Based Awards in 2017

NEO	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units ⁽¹⁾	All Other Option Awards: Number of Securities Underlying Options ⁽¹⁾	Grant Date Fair Value of Stock and Option Awards ⁽²⁾
Manuel A. Henriquez	01/24/2017	351,865		\$ 5,000,002
Scott Bluestein	01/24/2017	123,153		\$ 1,750,004
Melanie Grace	01/24/2017	21,112		\$ 300,002
Gerard R. Waldt, Jr.				
David Lund				
Mark Harris	01/24/2017	35,187		\$ 500,007
Andrew Olson	01/24/2017	17,593		\$ 249,997

- (1) Restricted stock units vest as to one-third of the shares underlying the awards on the first anniversary of the grant date, and they vest as to the remaining shares in equal quarterly installments over the next two years. Settlement of the restricted stock units is deferred following vesting and the restricted stock units will not be settled until the earliest to occur of (1) January 24, 2021, (2) the death or disability of the NEO, (3) the separation from service of the NEO, or (4) a change in control of the Company.
- (2) The amounts reflect the aggregate grant date fair value of computed in accordance with FASB ASC Topic 718.

Outstanding Equity Awards at Fiscal Year End, December 31, 2017

Name and Principal Position	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested ⁽¹⁾
Manuel A. Henriquez					26,584 ⁽²⁾	\$ 348,782
					138,966 ⁽³⁾	\$ 1,823,234
					385,076 ⁽⁵⁾	\$ 5,052,197
Scott Bluestein					3,984 ⁽²⁾	\$ 52,270
					43,336 ⁽³⁾	\$ 568,568
					134,775 ⁽⁵⁾	\$ 1,768,248
Melanie Grace					2,501 ⁽⁴⁾	\$ 32,813
					3,917 ⁽³⁾	\$ 51,391
					23,102 ⁽⁵⁾	\$ 303,098
Gerard R. Waldt, Jr.	1,805 ⁽⁶⁾	3,195	\$ 13.66	11/30/2023		
David Lund						
Mark Harris						
Andrew Olson						

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- (1) Market value is computed by multiplying the closing market price of the Company's stock at December 31, 2017 by the number of shares.
- (2) Restricted stock granted on 03/10/2015 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (3) Restricted stock granted on 01/10/2016 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (4) Restricted stock granted on 09/17/2015 that vests as to one-third of the total award on the one-year anniversary of the date of the grant and quarterly over the succeeding 24 months.
- (5) Restricted stock units granted on 01/24/2017 that vests as to one-third of the shares underlying the awards on the first anniversary of the grant date, and the remaining shares in equal quarterly installments over the next two years. Settlement of the restricted stock units is

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deferred following vesting and the restricted stock units will not be settled until the earliest to occur of (1) January 24, 2021, (2) the death or disability of the NEO, (3) the separation from service of the NEO, or (4) a change in control of the Company. This amount includes unvested dividend equivalents earned during 2017. These dividend equivalents vest when and if the restricted stock units to which they relate vest.

- (6) Options granted on 11/30/2016 that vest as to one-third of the total underlying shares on the one-year anniversary of the date of the grant and on a monthly basis over the succeeding 24 months.

Options Exercised and Stock Vested in 2017

Name and Principal Position	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
Manuel A. Henriquez			313,151	\$ 4,320,126
Scott Bluestein			79,057	\$ 1,098,118
Melanie Grace			8,816	\$ 121,627
Gerard R. Waldt, Jr.				
David Lund				
Mark Harris			25,607	\$ 392,055
Andrew Olson			3,133	\$ 44,739

COMPENSATION OF DIRECTORS

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

The following table discloses the cash, equity awards and other compensation earned, paid or awarded, as the case may be, to each of our directors during the fiscal year ended December 31, 2017.

Name	Fees Earned or Paid in Cash (\$) ⁽¹⁾	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$) ⁽²⁾	Total (\$)
Robert P. Badavas	\$ 175,000			\$ 1,033	\$ 176,033
Thomas J. Fallon	\$ 150,000			\$ 3,099	\$ 153,099
Joseph F. Hoffman	\$ 165,000			\$ 5,683	\$ 170,683
Allyn C. Woodward, Jr.	\$ 175,000			\$ 3,099	\$ 178,099
Doreen Woo Ho	\$ 150,000			\$ 3,616	\$ 153,616
Brad Koenig					
Jorge Titingier					
Susanne Lyons	\$ 175,000			\$ 516	\$ 175,516
Manuel A. Henriquez ⁽³⁾					

- (1) Messrs. Badavas, Fallon, Hoffman, Woodward and Ms. Woo Ho and Lyons earned \$125,000, \$100,000, \$115,000, \$125,000, \$100,000 and \$125,000, respectively, and each elected to receive an additional retainer fee of 3,903 shares of our common stock in lieu of cash. The total value of the shares issued to each of Messrs. Badavas, Fallon, Hoffman and Woodward and Ms. Woo Ho and Lyons services in fiscal 2017 was \$50,000. Messrs. Koenig and Titingier did not receive any cash compensation during 2017.

- (2) Represents distributions paid during 2017 on unvested common stock under restricted stock awards.

- (3) As an employee director, Mr. Henriquez does not receive any compensation for his service as a director. The compensation Mr. Henriquez receives as our chief executive officer is disclosed in the Summary Compensation Table and elsewhere under *EXECUTIVE COMPENSATION*.

As of December 31, 2017, Messrs. Badavas, Fallon, Hoffman and Woodward and Ms. Woo Ho had outstanding options in the amount of 20,000, 25,000, 25,000, 25,000, and 10,000, respectively. As of December 31, 2017, Messrs. Fallon, Hoffman and Woodward and Ms. Woo Ho held unvested shares of restricted stock in the amount of 1,666, 3,333, 1,666 and 1,666, respectively.

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During 2017, the compensation for serving on our Board of Directors as an independent director included the following:

Annual Director Retainer Fee	\$100,000
Annual Chairperson Fee	\$25,000, Audit Committee
	\$25,000, Compensation Committee
	\$15,000, NCG Committee
Annual Lead Director Fee	\$25,000

In 2017, we granted each independent director, except for Messrs. Titinger and Koenig who were not directors at the time of the grant, an additional retainer of \$50,000, which was distributed as shares of common stock in lieu of cash. Employee directors do not receive compensation for serving on our Board of Directors. In addition, we reimburse our directors for their reasonable out-of-pocket expenses incurred in attending Board of Directors meetings.

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The following table sets forth information as of March 31, 2018, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category	(a) Number of Securities to be issued upon exercise of outstanding options, restricted stock and warrants	(b) Weighted-average exercise price of outstanding options, restricted stock and warrants	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders:			
2004 Equity Incentive Plan	437,690	\$ 13.84	2,561,229
2006 Non-Employee Director Plan ⁽¹⁾	105,000	\$ 13.05	
Equity compensation plans not approved by stockholders:			
Total	542,690	\$ 13.69	2,561,229

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

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The following table sets forth, as of May 29, 2018, the beneficial ownership of each current director, each nominee for director, our NEOs, each person known to us to beneficially own 5% or more of the outstanding shares of our common stock, and our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. Common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of May 29, 2018 are deemed to be outstanding and beneficially owned by the person holding such options or warrants. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of ownership is based on 86,796,043 shares of common stock outstanding as of May 29, 2018.

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

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

Name and Address of Beneficial Owner	Type of Ownership	Number of Shares Owned Beneficially ⁽¹⁾	Percentage of Class
<i>Interested Director</i>			
Manuel A. Henriquez ⁽²⁾	Record/Beneficial	2,233,935	2.6%
<i>Independent Directors</i>			
Robert B. Badavas ⁽³⁾	Beneficial	152,962	*
Jorge Titinger			
Allyn C. Woodward, Jr. ⁽⁴⁾	Record/Beneficial	287,309	*
Brad Koenig			
Thomas J. Fallon ⁽⁵⁾	Record/Beneficial	56,958	*
Joseph F. Hoffman ⁽⁶⁾	Record/Beneficial	40,478	*
Doreen Woo Ho ⁽⁷⁾	Record/Beneficial	12,236	*
<i>Other Named Executive Officers</i>			
David Lund			
Scott Bluestein ⁽⁸⁾	Record/Beneficial	354,666	*
Melanie Grace ⁽⁹⁾	Record/Beneficial	37,402	*
Gerard R. Waldt, Jr. ⁽¹⁰⁾	Record/Beneficial	2,638	*
<i>Executive officers and directors as a group (12 persons)⁽¹¹⁾</i>			3.7%

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

(2) Includes 313,505 shares of restricted stock and 184,293 shares of vested deferred restricted stock units and dividend equivalent units. 1,669,565 shares of common stock held by the Henriquez Family Trust of which 862,784 shares are pledged as a security; 54,348 shares of common stock held in trusts for the benefit of Mr. Henriquez's children; and 12,224 shares of common stock held in the Manuel Henriquez-Roth IRA. Mr. Henriquez disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(3) Includes 20,000 shares of common stock that can be acquired upon the exercise of outstanding options. All shares are held of record by the Robert P. Badavas Trust of 2007, and Mr. Badavas disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.

(4) Includes 25,000 shares of common stock that can be acquired upon the exercise of outstanding options, 1,666 shares of restricted common stock, and 35,000 shares of common stock held by Mr. Woodward's spouse in her name. Mr. Woodward disclaims any beneficial ownership interest of such shares held by his spouse except to the extent of his pecuniary interest therein.

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- (5) Includes 25,000 shares of common stock that can be acquired upon the exercise of outstanding options and 1,666 shares of restricted common stock. All shares are held of record by the Fallon Family Revocable Trust, and Mr. Fallon disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.
- (6) Includes 20,000 shares of common stock that can be acquired upon the exercise of outstanding options and 3,333 shares of restricted common stock. All shares are held of record by the Hoffman Trust, and Mr. Hoffman disclaims any beneficial ownership interest of such shares except to the extent of his pecuniary interest therein.
- (7) Includes 5,000 shares of common stock that can be acquired upon the exercise of outstanding options and includes 1,666 shares of restricted common stock.
- (8) Includes 118,027 shares of restricted common stock and 64,495 shares of vested deferred restricted stock.
- (9) Includes 16,863 shares of restricted common stock and 11,051 shares of vested deferred restricted stock.
- (10) Includes 2,638 shares of common stock that can be acquired upon the exercise of outstanding options.
- (11) Includes 97,638 shares of common stock that can be acquired upon the exercise of outstanding options, 259,839 shares of vested deferred restricted stock and dividend equivalent shares and 456,726 shares of restricted common stock.

* Less than 1%.

The following table sets forth as of May 29, 2018, the dollar range of our securities owned by our directors and executive officers.

Name	Dollar Range of Equity Securities Beneficially Owned
<i>Interested Director</i>	
Manuel A. Henriquez	Over \$100,000
<i>Independent Directors</i>	
Robert B. Badavas	Over \$100,000
Jorge Titinger	
Allyn C. Woodward, Jr.	Over \$100,000
Brad Koenig	
Thomas J. Fallon	Over \$100,000
Joseph F. Hoffman	Over \$100,000
Doreen Woo Ho	Over \$100,000
<i>Other Named Executive Officers</i>	
David Lund	
Scott Bluestein	Over \$100,000
Melanie Grace	Over \$100,000
Gerard R. Waldt, Jr	\$0 \$50,000

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

In order to ensure that we do not engage in any prohibited transactions with any persons affiliated with Hercules, our officers screen each of our transactions for any possible affiliations, close or remote, between the proposed portfolio investment, Hercules, companies controlled by us and our employees and directors.

We will not enter into any agreements unless and until we are satisfied that no affiliations prohibited by the 1940 Act exist or, if such affiliations exist, we have taken appropriate actions to seek Board of Directors review and approval or exemptive relief from the SEC for such transaction.

Table of Contents**Index to Financial Statements****CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following discussion is a general summary of certain material U.S. federal income tax considerations relating to our qualification and taxation as a RIC and the acquisition, ownership and disposition of our preferred stock or common stock, but does not purport to be a complete description of the income tax considerations relating thereto. Except as otherwise noted, this discussion assumes you are a taxable U.S. person (as defined for U.S. federal income tax purposes) and that you hold your shares of our stock as capital assets for U.S. federal income tax purposes (generally, assets held for investment). This discussion is based upon current provisions of the Code, the regulations promulgated thereunder and judicial and administrative authorities, all of which are subject to change or differing interpretations by the courts or the IRS, possibly with retroactive effect. No attempt is made to present a detailed explanation of all U.S. federal income tax concerns affecting the Company and its shareholders (including shareholders subject to special rules under U.S. federal income tax law).

The discussions set forth herein do not constitute tax advice. We have not sought and will not seek any ruling from the IRS regarding any matters discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to those set forth below. This summary does not discuss any aspects of foreign, state or local tax. Prospective investors must consult their own tax advisers as to the U.S. federal income tax consequences (including the alternative minimum tax consequences) of acquiring, holding and disposing of shares of our stock, as well as the effects of state, local and non-U.S. tax laws.

Election to be Subject to Tax as a RIC

Through December 31, 2005, we were subject to U.S. federal income tax as an ordinary corporation under Subchapter C of the Code. Effective beginning on January 1, 2006 we met the criteria specified below to qualify as a RIC, and elected to be treated as a RIC under Subchapter M of the Code with the filing of our U.S. federal income tax return for 2006. To qualify as a RIC we must, among other things, meet certain source of income and asset diversification requirements (as described below). In addition, we must distribute to our stockholders, in respect of each taxable year, dividends for U.S. federal income tax purposes of an amount generally at least equal to 90% of our investment company taxable income, which is generally equal to the sum of our net ordinary income plus the excess of our realized net short-term capital gains over our realized net long-term capital losses, determined without regard to any deduction for distributions paid, or the Annual Distribution Requirement. Upon satisfying these requirements in respect of a taxable year, we generally will not be subject to corporate taxes on any income we distribute to our stockholders as dividends for U.S. federal income tax purposes, which will allow us to reduce or eliminate our liability for corporate-level income tax.

On December 31, 2005, immediately before the effective date of our RIC election, we held assets with built-in gains, which are assets whose fair market value as of the effective date of the election exceeded their tax basis as of such date. We elected to recognize all of our net built-in gains on such assets at the time of the conversion and paid tax on the built-in gain with the filing of our 2005 U.S. federal income tax return. In making this election, we marked our portfolio investments and other assets to market at the time of our RIC election and paid approximately \$294,000 in income tax on the resulting gains.

Taxation as a Regulated Investment Company

For any taxable year in which we:

qualify as a RIC; and

distribute dividends for U.S. federal income tax purposes to our shareholders of an amount at least equal to the Annual Distribution Requirement;

We generally will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (i.e., net realized long-term capital gains in excess of net realized short-term

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capital losses) we distribute (or are deemed to distribute) as dividends for U.S. federal income tax purposes to stockholders with respect to that taxable year.

As described above, we made the election to recognize built-in gains as of the effective date of our election to be treated as a RIC and therefore were not subject to built-in gains tax when we sold those assets. However, if we subsequently acquire built-in gain assets from a C corporation in a carryover basis transaction, then we may be subject to tax on the gains recognized by us on dispositions of such assets unless we make a special election to pay corporate-level tax on such built-in gain at the time the assets are acquired. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gains not distributed (or deemed distributed) as dividends for U.S. federal income tax purposes to our stockholders.

In order to qualify as a RIC for U.S. federal income tax purposes and obtain the tax benefits of RIC status, in addition to satisfying the Annual Distribution Requirement, we must, among other things:

have in effect at all times during each taxable year an election to be regulated as a business development company under the 1940 Act;

derive in each taxable year at least 90% of our gross income from (a) dividends, interest, payments with respect to certain securities loans, gains from the sale of stock or other securities, or other income derived with respect to our business of investing in such stock or securities and (b) net income derived from an interest in a qualified publicly traded partnership (the 90% Income Test);

diversify our holdings so that at the end of each quarter of the taxable year:

at the close of each quarter of each taxable year, at least 50% of the value of our assets consists of cash, cash equivalents, U.S. government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of such issuer; and

at the close of each quarter of each taxable year, no more than 25% of the value of our assets is invested in (i) securities (other than U.S. government securities or securities of other RICs) of one issuer, (ii) securities of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) securities of one or more qualified publicly traded partnerships (the Diversification Tests).

We may invest in partnerships which may result in our being subject to state, local or foreign income, franchise or other tax liabilities. In addition, some of the income and fees that we may recognize will not satisfy the 90% Income Test. In order to mitigate the risk that such income and fees would disqualify us as a RIC as a result of a failure to satisfy the 90% Income Test, we may be required to recognize such income and fees indirectly through one or more entities classified as corporations for U.S. federal income tax purposes. Such corporations generally will be subject to corporate income taxes on their earnings, which ultimately will reduce our return on such income and fees.

As a RIC, we will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income and gains unless we make distributions treated as dividends for U.S. federal income tax purposes in a timely manner to our stockholders in respect of each calendar year of an amount at least equal to the sum of (1) 98% of our ordinary income for each calendar year (subject to certain deferrals and elections), (2) 98.2% of our capital gain net income (adjusted for certain ordinary losses) for the 1-year period ending October 31 in that calendar year and (3) any income realized, but not distributed, in the preceding years (the Excise Tax Avoidance Requirement). We are not subject to this excise tax on any amount on which we incurred U.S. federal corporate income tax (such as the tax imposed on a RIC's retained net capital gains).

Depending on the level of taxable income earned in a taxable year, we may choose to carry over taxable income in excess of current taxable year distributions treated as dividends for U.S. federal income tax purposes

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from such taxable income into the next taxable year and incur a 4% excise tax on such taxable income, as required. The maximum amount of excess taxable income that may be carried over for distribution in the next taxable year under the Code is the total amount of distributions treated as dividends for U.S. federal income tax purposes paid in the following taxable year, subject to certain declaration and payment guidelines. To the extent we choose to carry over taxable income into the next taxable year, distributions declared and paid by us in a taxable year may differ from our taxable income for that taxable year as such distributions may include the distribution of current taxable year taxable income, the distribution of prior taxable year taxable income carried over into and distributed in the current taxable year, or returns of capital.

Under applicable Treasury regulations and other administrative guidance issued by the IRS, we are permitted to treat certain distributions payable in our stock as taxable distributions that will satisfy the Annual Distribution Requirement as well as the Excise Tax Avoidance Requirement provided that shareholders have the opportunity to elect to receive the distribution in cash. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary income (or as long-term capital gain to the extent such distribution is properly designated as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be subject to tax with respect to such distributions in excess of any cash received. If a U.S. stockholder sells the stock it receives as a distribution in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such distributions, including in respect of all or a portion of such distribution that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on distributions, then such sales may put downward pressure on the trading price of our stock. We may in the future determine to make taxable distributions that are payable in part in our common stock.

We may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having OID (such as debt instruments with PIK interest provisions or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each taxable year a portion of the OID that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. Because any OID accrued is generally required to be included in our investment company taxable income for the taxable year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement, even though we will not have received any corresponding cash amount.

Gain or loss realized by us from the sale or exchange of warrants acquired by us as well as any loss attributable to the lapse of such warrants generally will be treated as capital gain or loss. Such gain or loss generally will be long-term or short-term, depending on how long we held a particular warrant.

We are authorized to borrow funds and to sell assets in order to satisfy the Annual Distribution Requirement and the Excise Tax Avoidance Requirement (collectively, the Distribution Requirements). However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain asset coverage tests are met. See

Regulation Senior Securities; Coverage Ratio. We may be restricted from making distributions under the terms of our debt obligations themselves unless certain conditions are satisfied. Moreover, our ability to dispose of assets to meet the Distribution Requirements may be limited by (1) the illiquid nature of our portfolio, or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Distribution Requirements, we may make such dispositions at times that, from an investment standpoint, are not advantageous. If we are prohibited from making distributions or are unable to obtain cash from other sources to make the distributions, we may fail to be subject to tax as a RIC, which would result in us becoming subject to corporate-level income taxes.

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In addition, we will be partially dependent on our SBIC subsidiaries for cash distributions to enable us to meet the RIC Distribution Requirements. Our SBIC subsidiaries may be limited by the Small Business Investment Act of 1958, as amended, and SBA regulations governing SBICs, from making certain distributions to us that may be necessary to maintain our status as a RIC. We may have to request a waiver of the SBA's restrictions for our SBIC subsidiaries to make certain distributions to maintain our RIC status. We cannot assure you that the SBA will grant such waiver. If our SBIC subsidiaries are unable to obtain a waiver, compliance with the SBA regulations may cause us to fail to be subject to tax as a RIC, which would result in us becoming subject to corporate-level income taxes.

Certain of our investment practices are subject to special and complex U.S. federal income tax provisions that may, among other things, (i) convert distributions that would otherwise constitute qualified dividend income into ordinary income, (ii) treat distributions that would otherwise be eligible for deductions available to certain U.S. corporations under the Code as ineligible for such treatment, (iii) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (iv) convert long-term capital gains into short-term capital gains or ordinary income, (v) convert short-term capital losses into long-term capital losses, (vi) convert an ordinary loss or deduction into a capital loss (the deductibility of which is more limited), (vii) cause us to recognize income or gain without a corresponding receipt of cash, (viii) adversely alter the characterization of certain complex financial transactions, and (ix) produce gross income that will not constitute qualifying gross income for purposes of the 90% Income Test. These rules also could affect the amount, timing and character of distributions to stockholders.

Under recent tax legislation, we and the companies in which we invest will be generally subject to certain leverage limitations regarding the deductibility of interest expense. The recent tax legislation may, pending further regulatory guidance, require us to accrue market discount currently and to otherwise recognize income for tax purposes no later than we recognize it for financial reporting purposes. The recent tax legislation would require us to recognize accumulated undistributed earnings of foreign corporations if any in which were invested in 2017 if our ownership levels exceeded certain thresholds. The effects of these and other provisions of the tax legislation on us remains uncertain at this time pending regulatory guidance.

A RIC is limited in its ability to deduct expenses in excess of its investment company taxable income. If our otherwise deductible expenses in a given taxable year exceed our ordinary taxable gross income (e.g., as the result of large amounts of equity-based compensation), we would incur a net operating loss for that taxable year. However, a RIC is not permitted to carry back or carry forward net operating losses, respectively, to prior and subsequent taxable years, and such net operating losses do not pass through to the RIC's stockholders. In addition, deductible expenses can be used only to offset investment company taxable income, not net capital gain. A RIC may not use any net capital losses (that is, realized capital losses in excess of realized capital gains) to offset the RIC's investment company taxable income, but may carry forward such net capital losses, and generally use them to offset capital gains indefinitely. Due to these limits on the deductibility of expenses and net capital losses, we may for tax purposes have aggregate taxable income for several taxable years that we are required to distribute and that is taxable to our stockholders even if such taxable income is greater than the aggregate net income we actually earned during those taxable years. Such required distributions may be made from our cash assets or by liquidation of investments, if necessary. We may realize gains or losses from such liquidations. In the event we realize net capital gains from such transactions, you may receive a larger capital gain distribution than you would have received in the absence of such transactions.

Investment income received from sources within foreign countries, or capital gains earned by investing in securities of foreign issuers, may be subject to foreign income taxes withheld at the source. In this regard, withholding tax rates in countries with which the United States does not have a tax treaty are often as high as 35% or more. The United States has entered into tax treaties with many foreign countries that may entitle us to a reduced rate of tax or exemption from tax on this related income and gains. The effective rate of foreign tax cannot be determined at this time since the amount of our assets to be invested within various countries is not now known. We do not anticipate being eligible for the special election that allows a RIC to treat foreign income taxes paid by such RIC as having been paid by its shareholders.

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If we acquire the equity securities of certain foreign corporations that earn at least 75% of their annual gross income from passive sources (such as interest, dividends, rents, royalties or capital gain) or hold at least 50% of their total assets in investments producing such passive income (passive foreign investment companies or PFICs), we could be subject to U.S. federal income tax and additional interest charges on excess distributions received from such companies or gain from the sale of stock in such companies, even if all income or gain actually received by us is timely distributed to our shareholders. We would not be able to pass through to our shareholders any credit or deduction for such a tax. Certain elections may, if available, ameliorate these adverse tax consequences, but any such election could require us to recognize taxable income or gain without the concurrent receipt of cash. Furthermore, under recently proposed Treasury Regulations, certain income derived by us from PFICs with respect to which we have made certain U.S. tax elections would generally constitute qualifying income for purposes of the 90% Income Test only to the extent such PFICs make distributions of that income to us. As such, we intend to limit and/or manage our holdings in passive foreign investment companies to minimize our liability for any such taxes and related interest charges.

If we hold greater than 10% of the interests treated as equity for U.S. federal income tax purposes in a foreign corporation that is treated as a controlled foreign corporation (CFC), we may be treated as receiving a deemed distribution (taxable as ordinary income) each taxable year from such foreign corporation in an amount equal to our pro rata share of the corporation's income for such taxable year (including both ordinary earnings and capital gains), whether or not the corporation makes an actual distribution during such taxable year. We would be required to include the amount of a deemed distribution from a CFC when computing our investment company taxable income as well as in determining whether we satisfy the distribution requirements applicable to RICs, even to the extent the amount of our income deemed recognized from the CFC exceeds the amount of any actual distributions from the CFC and our proceeds from any sales or other dispositions of CFC stock during a taxable year. In general, a foreign corporation will be considered a CFC if greater than 50% of the shares of the corporation, measured by reference to combined voting power or value, is owned (directly, indirectly or by attribution) by U.S. Shareholders. A U.S. Shareholder, for this purpose, is any U.S. person that possesses (actually or constructively) 10% or more of the combined voting power of all classes of shares of a foreign corporation. Furthermore, under recently proposed Treasury Regulations, certain income derived by us from a CFC would generally constitute qualifying income for purposes of determining our ability to be subject to tax as a RIC only to the extent the CFC makes distributions of that income to us. As such, we may limit and/or manage our holdings in issuers that could be treated as CFCs in order to limit our tax liability or maximize our after-tax return from these investments.

Our functional currency, for U.S. federal income tax purposes, is the U.S. dollar. Under the Code, foreign exchange gains and losses realized by us in connection with certain transactions involving foreign currencies, or payables or receivables denominated in a foreign currency, as well as certain non-U.S. dollar denominated debt securities, certain foreign currency futures contracts, foreign currency option contracts, foreign currency forward contracts, and similar financial instruments are subject to Code provisions that generally treat such gains and losses as ordinary income and losses and may affect the amount, timing and character of distributions to our stockholders. Any such transactions that are not directly related to our investment in securities (possibly including speculative currency positions or currency derivatives not used for hedging purposes) also could, under future Treasury regulations, produce income not among the types of qualifying income from which a RIC must derive at least 90% of its annual gross income.

Taxation of U.S. Stockholders

A U.S. stockholder generally is a beneficial owner of shares of our common stock who is for U.S. federal income tax purposes:

a citizen or individual resident of the United States including an alien individual who is a lawful permanent resident of the United States or meets the substantial presence test under Section 7701(b) of the Code;

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a corporation or other entity taxable as a corporation, for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any political subdivision thereof;

a trust if (1) a court in the United States has primary supervision over its administration and one or more U.S. persons has the authority to control all substantial decisions of such trust or (2) if such trust validly elects to be treated as a U.S. person for U.S. federal income tax purposes; or

an estate, the income of which is subject to U.S. federal income taxation regardless of its source.

For U.S. federal income tax purposes, distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gains. Distributions of our investment company taxable income (which is, generally, our ordinary income plus net realized short-term capital gains in excess of net realized long-term capital losses) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions are attributable to dividends from certain U.S. corporations and certain qualified foreign corporations, such distributions may be reported by us as qualified dividend income eligible to be taxed in the hands of U.S. non-corporate stockholders (including individuals) at the rates applicable to long-term capital gains, provided certain holding period and other requirements are met at both the stockholder and corporate levels. In this regard, it is anticipated that distributions paid by us generally will not be attributable to dividends and, therefore, generally will not be qualified dividend income. Distributions of our net capital gains (which is generally our realized net long-term capital gains in excess of realized net short-term capital losses) properly reported by us as capital gain dividends will be taxable to a U.S. stockholder as long-term capital gains (currently at a maximum rate of 20%, in the case of individuals, trusts or estates), regardless of the U.S. stockholder's holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Provided that certain holding period and other requirements are met, ordinary income dividends (if properly reported by us) may qualify (i) for the dividends received deduction available to certain corporations, but only to the extent that our income consists of certain qualifying dividend income from U.S. corporations and (ii) in the case of U.S. noncorporate stockholders, as qualified dividend income eligible to be taxed at long-term capital gain rates to the extent that we earn qualified dividend income (generally, dividend income from taxable U.S. resident corporations and certain qualified foreign corporations). There can be no assurance as to what portion of our distributions will be eligible for the corporate dividends received deduction or for the reduced rates applicable to qualified dividend income. Distributions in excess of our current and accumulated earnings and profits first will reduce a U.S. stockholder's adjusted tax basis in such stockholder's common stock and, after the adjusted basis is reduced to zero, will constitute capital gains to such U.S. stockholder.

We currently intend to retain some or all of our realized net long-term capital gains in excess of realized net short-term capital losses. In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a tax credit equal to his, her or its allocable share of the tax paid thereon by us. Since we expect to pay tax on any retained net capital gains at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by non-corporate stockholders on long-term capital gains, the amount of tax that non-corporate stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for U.S. federal income tax. A stockholder that is not subject to U.S. federal income tax or otherwise required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. For U.S. federal income tax purposes, the tax basis of shares owned by a U.S. stockholder will be increased by an amount equal under current law to the difference between the amount of undistributed capital gains included in the U.S. stockholder's gross income and the tax deemed paid by the U.S. stockholder as described in this paragraph. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of

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the relevant taxable year. We cannot treat any of our investment company taxable income as a deemed distribution.

Under applicable Treasury regulations and certain administrative guidance issued by the IRS, RICs are permitted to treat certain distributions payable in part in shares of their stock, as taxable dividends that will satisfy their Distribution Requirements provided that shareholders have the opportunity to elect to receive the distribution in cash. Taxable stockholders receiving such dividends will be required to include the full amount of the dividend as ordinary income (or as long-term capital gain to the extent such distribution is properly designated as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives as a dividend in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, then such sales may put downward pressure on the trading price of our stock. We previously determined to pay a portion of our first quarter 2009 dividend in shares of newly issued common stock, and we may in the future determine to distribute taxable dividends that are payable in part in our common stock.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any taxable year and (2) the amount of the deduction for ordinary income and capital gain dividends paid for that taxable year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in such a month and actually paid during January of the following calendar year, will be treated as if it had been received by our U.S. stockholders on December 31 of the calendar year in which the dividend was declared.

If an investor acquires shares of our or common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution and the investor will be subject to tax on the distribution even though economically it may represent a return of his, her or its investment.

A U.S. stockholder generally will recognize taxable gain or loss if the U.S. stockholder sells or otherwise disposes of his, her or its shares of our common stock. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the U.S. stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other shares of our common stock are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss. Reporting of adjusted cost basis information is required for covered securities, which generally include shares of a RIC acquired after January 1, 2012, to the IRS and to taxpayers. Stockholders should contact their intermediaries with respect to reporting of cost basis and available elections for their accounts.

If a Stockholder recognizes losses with respect to Shares of \$2 million or more for an individual Stockholder or \$10 million or more for a corporate Stockholder, the Treasury Regulations require the Stockholder to file a disclosure statement with the IRS on IRS Form 8886. Direct Stockholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, stockholders

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of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these Treasury Regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

In general, individual U.S. stockholders currently are subject to a reduced maximum U.S. federal income tax rate of 20% on their net capital gain (i.e., the excess of realized net long-term capital gain over realized net short-term capital loss for a taxable year) including any long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. In addition, individuals with income in excess of certain threshold amounts and certain estates and trusts are subject to an additional 3.8% tax on their net investment income, which generally includes net income from interest, dividends, annuities, royalties, and rents, and net capital gains (other than certain amounts earned from trades or businesses). Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Non-corporate U.S. stockholders with net capital losses for a taxable year (i.e., capital losses in excess of capital gains) generally may deduct up to \$3,000 of such losses against their ordinary income each taxable year; any net capital losses of a non-corporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent taxable years as provided in the Code. Corporate U.S. stockholders generally may not deduct any net capital losses for a taxable year, but may carry back such losses for three taxable years or carry forward such losses for five taxable years.

We or the applicable withholding agent will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a notice reporting the amounts includible in such U.S. stockholder's taxable income for such calendar year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each calendar year's distributions generally will be reported to the IRS (including the amount of dividends, if any, eligible for the 20% qualified dividend income rate). Distributions may also be subject to additional state, local, and foreign taxes depending on a U.S. stockholder's particular situation. Dividends distributed by us generally will not be eligible for the corporate dividends-received deduction or the preferential rate applicable to qualified dividend income. The Code requires reporting of adjusted cost basis information for covered securities, which generally include shares of our stock, acquired after January 1, 2012, to the IRS and to taxpayers. U.S. stockholders should contact their financial intermediaries with respect to reporting of cost basis and available elections for their accounts.

We or the applicable withholding agent may be required to withhold U.S. federal income tax (backup withholding) from all distributions to any non-corporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding, or (2) with respect to whom the IRS notifies us or the applicable withholding agent that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Any amount withheld under backup withholding is allowed as a credit against the U.S. stockholder's U.S. federal income tax liability, provided that proper information is timely provided to the IRS.

Dividend Reinvestment Plan We have adopted a dividend reinvestment plan through which all distributions are paid to our common stockholders in the form of additional shares of our common stock, unless a stockholder elects to receive cash in accordance with the terms of the plan. See Dividend Reinvestment Plan. Any distributions made to a U.S. stockholder that are reinvested under the plan will nevertheless remain generally taxable to the U.S. stockholder. The U.S. stockholder will have an adjusted tax basis in the additional shares of our common stock purchased through the plan equal to the amount of the reinvested distribution. The additional shares will have a new holding period commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

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Taxation of Non-U.S. Stockholders

A Non-U.S. stockholder is a beneficial owner of shares of our common stock that is not a U.S. stockholder or a partnership (including an entity treated as a partnership) for U.S. federal income tax purposes.

Whether an investment in our shares is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisors before investing in our common stock.

Distributions (other than certain distributions derived from net long-term capital gains) paid by us to a Non-U.S. stockholder are generally subject to U.S. federal withholding tax at a rate of 30% (or lower applicable treaty rate) even if they are funded by income or gains (such as portfolio interest, short-term capital gains, or foreign-source dividend and interest income) that, if paid to a Non-U.S. stockholder directly, would not be subject to withholding. If the distributions are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States), we will not be required to withhold tax if the Non-U.S. stockholder complies with applicable certification and disclosure requirements, although the distributions will be subject to U.S. federal income tax at the rates applicable to U.S. stockholders. (Special certification requirements apply to a Non-U.S. stockholder that is a foreign partnership or a foreign trust, and such entities are urged to consult their own tax advisors.)

However, no withholding is required with respect to certain distributions if (i) the distributions are properly reported to our stockholders as interest-related dividends or short-term capital gain dividends in written statements to our stockholders, (ii) the distributions are derived from sources specified in the Code for such dividends and (iii) certain other requirements are satisfied. Currently, we do not anticipate that any significant amount of our distributions would be reported as eligible for this exemption from withholding. In the case of shares of our stock held through an intermediary, the intermediary may withhold even if we report all or a portion of any of our distributions as interest-related dividends or short-term capital gain dividends. Non-U.S. stockholders should contact their intermediaries with respect to the application of these rules to their accounts. No assurance can be provided as to whether any amount of our distributions will be eligible for this exemption from withholding or if eligible, will be reported as such by us.

Actual or deemed distributions of our net capital gains to a Non-U.S. stockholder, and gains realized by a Non-U.S. stockholder upon the sale of our common stock, will not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless the distributions or gains, as the case may be, are effectively connected with a U.S. trade or business of the Non-U.S. stockholder (and, if an income tax treaty applies, are attributable to a permanent establishment maintained by the Non-U.S. stockholder in the United States), or in the case of an individual stockholder, the stockholder is present in the United States for a period or periods aggregating 183 days or more during the year of the sale or capital gain dividend and certain other conditions are met.

If we distribute our net capital gains in the form of deemed rather than actual distributions, a Non-U.S. stockholder will be entitled to a federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gains deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. For a corporate Non-U.S. stockholder, distributions (both actual and deemed), and gains realized upon the sale of our common stock that are effectively connected to a U.S. trade or business may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or at a lower rate if provided for by an applicable treaty). Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

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A Non-U.S. stockholder who is a non-resident alien individual, and who is not otherwise subject to withholding of U.S. federal income tax, may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN or IRS Form W-8BEN-E, (or an acceptable substitute or successor form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

The Foreign Account Tax Compliance Act, or FATCA, provisions of the Code, generally imposes a 30% withholding tax on payments of certain types of income to foreign financial institutions that fail to enter into an agreement with the U.S. Treasury to report certain required information with respect to accounts held by U.S. persons (or held by foreign entities that have U.S. persons as substantial owners). The types of income subject to the tax include U.S. source interest and dividends and the gross proceeds from the sale of any property that could produce U.S.-source interest or dividends paid after December 31, 2018. The information required to be reported includes the identity and taxpayer identification number of each account holder that is a U.S. person and transaction activity within the holder's account. In addition, subject to certain exceptions, this legislation also imposes a 30% withholding on payments to foreign entities that are not financial institutions unless the foreign entity certifies that it does not have a greater than 10% U.S. owner or provides the withholding agent with identifying information on each greater than 10% U.S. owner. Depending on the status of a Non-U.S. Holder and the status of the intermediaries through which they hold their shares, Non-U.S. Holders could be subject to this 30% withholding tax with respect to distributions on their shares and proceeds from the sale of their shares. Under certain circumstances, a Non-U.S. Holders might be eligible for refunds or credits of such taxes.

Non-U.S. persons should consult their own tax advisors with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

Failure to Qualify as a Regulated Investment Company

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify as a RIC for such taxable year if certain relief provisions are applicable (which may, among other things, require us to pay certain corporate-level federal taxes or to dispose of certain assets).

If we were unable to qualify for treatment as a RIC and the foregoing relief provisions are not applicable, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. Such distributions would be taxable to our stockholders and provided certain holding period and other requirements were met, could qualify for treatment as qualified dividend income eligible for the 20% maximum U.S. federal income tax rate if earned by certain U.S. resident non-corporate stockholders to the extent of our current and accumulated earnings and profits. Subject to certain limitations under the Code, corporate distributions generally would be eligible for the dividends-received deduction with respect to distributions current and accumulated earnings and profits if earned by certain U.S. resident corporate stockholders. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain. To requalify as a RIC in a subsequent taxable year, we would be required to satisfy the RIC qualification requirements for that taxable year and dispose of any earnings and profits from any taxable year in which we failed to qualify as a RIC. Subject to a limited exception applicable to a corporation that qualified as a RIC under Subchapter M of the Code for at least one taxable year prior to disqualification and that requalify as a RIC no later than the second taxable year following the nonqualifying taxable year, we also could be subject to tax on any unrealized net built-in gains in the assets held by us during the period in which we failed to qualify as a RIC that are recognized within the subsequent five taxable years, unless we made a special election to incur a corporate-level income tax on such built-in gain at the time of our requalification as a RIC.

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REGULATION

The following discussion is a general summary of the material prohibitions and descriptions governing business development companies. It does not purport to be a complete description of all of the laws and regulations affecting business development companies.

A business development company primarily focuses on investing in or lending to private companies and making managerial assistance available to them, while providing its stockholders with the ability to retain the liquidity of a publicly-traded stock. The 1940 Act contains prohibitions and restrictions relating to transactions between business development companies and their directors and officers and principal underwriters and certain other related persons and requires that a majority of the directors be persons other than interested persons, as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a business development company unless approved by a majority of our outstanding voting securities as defined in the 1940 Act. A majority of the outstanding voting securities of a company is defined under the 1940 Act as the lesser of: (i) 67% or more of such company's shares present at a meeting if more than 50% of the outstanding shares of such company are present or represented by proxy, or (ii) more than 50% of the outstanding shares of such company.

Qualifying Assets

Under the 1940 Act, a business development company may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the company's total assets. The principal categories of qualifying assets relevant to our proposed business are the following:

- (1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
 - (a) is organized under the laws of, and has its principal place of business in, the United States;
 - (b) is not an investment company (other than a small business investment company wholly owned by the business development company) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
 - (c) does not have any class of securities listed on a national securities exchange; or if it has securities listed on a national securities exchange such company has a market capitalization of less than \$250 million; is controlled by the business development company and has an affiliate of a business development company on its board of directors; or meets such other criteria as may be established by the SEC.
- (2) Securities of any portfolio company which we control.
- (3) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- (4)

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Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.

- (5) Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of warrants or rights relating to such securities.

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- (6) Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

Control, as defined by the 1940 Act, is presumed to exist where a business development company beneficially owns more than 25% of the outstanding voting securities of the portfolio company or has greater than 50% representation on its board.

We do not intend to acquire securities issued by any investment company, including other business development companies, that exceed the limits imposed by the 1940 Act. Under these limits, we generally cannot acquire more than 3% of the voting stock of any investment company (as defined in the 1940 Act), invest more than 5% of the value of our total assets in the securities of one such investment company or invest more than 10% of the value of our total assets in the securities of such other investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

Significant Managerial Assistance

Business development companies generally must offer to make available to the issuer of the securities significant managerial assistance, except in circumstances where either (i) the business development company controls such issuer of securities or (ii) the business development company purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available significant managerial assistance means, among other things, any arrangement whereby the business development company, through its directors, officers or employees, offers to provide and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company through monitoring of portfolio company operations, selective participation in board and management meetings, consulting with and advising a portfolio company's officers or other organizational or financial guidance.

Temporary Investments

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70% of our assets are qualifying assets. We may invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we generally would not meet the diversification tests imposed on us by the Code in order to qualify as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. We will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Warrants and Options

Under the 1940 Act, a business development company is subject to restrictions on the amount of warrants, options, restricted stock or rights to purchase shares of capital stock that it may have outstanding at any time. In particular, the amount of capital stock that would result from the conversion or exercise of all outstanding warrants, options or other rights to purchase capital stock cannot exceed 25% of the business development company's total outstanding shares of capital stock. This amount is reduced to 20% of the business development

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company's total outstanding shares of capital stock if the amount of warrants, options or rights issued pursuant to an executive compensation plan would exceed 15% of the business development company's total outstanding shares of capital stock. We have received exemptive relief from the SEC permitting us to issue stock options and restricted stock to our employees and directors subject to the above conditions, among others. For a discussion regarding the conditions of this exemptive relief, see "Exemptive Relief" below and Note 7 to our consolidated financial statements.

Senior Securities; Coverage Ratio

We will be permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% (or 150%, subject to certain approval and disclosure requirements) immediately after each such issuance. In addition, we may not be permitted to declare any cash distribution on our outstanding common shares, or purchase any such shares, unless, at the time of such declaration or purchase, we have asset coverage of at least 200% (or 150%, subject to certain approval and disclosure requirements) after deducting the amount of such distribution or purchase price. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes. For a discussion of the risks associated with the resulting leverage, see "Risk Factors - Risks Related to Our Business Structure." Because we have substantial indebtedness, there could be increased risk in investing in our company. On April 5, 2007, we received approval from the SEC on our request for exemptive relief that permits us to exclude the indebtedness of our wholly-owned subsidiaries that are SBICs from the 200% (or 150%, subject to certain approval and disclosure requirements) asset coverage requirement applicable to us.

Capital Structure

We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, at a price below the current NAV of the common stock, or sell warrants, options or other rights to acquire such common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in the best interests of us and our stockholders have approved the practice of making such sales. In connection with the receipt of such stockholder approval, we will limit the number of shares that we issue at a price below NAV pursuant to this authorization so that the aggregate dilutive effect on our then outstanding shares will not exceed 20%. Our Board of Directors, subject to its fiduciary duties and regulatory requirements, has the discretion to determine the amount of the discount, and as a result, the discount could be up to 100% of NAV per share.

Code of Ethics

We have adopted and will maintain a code of ethics that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to the code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Our code of ethics will generally not permit investments by our employees in securities that may be purchased or held by us. We may be prohibited under the 1940 Act from conducting certain transactions with our affiliates without the prior approval of our directors who are not interested persons and, in some cases, the prior approval of the SEC.

Our current code of ethics is posted on our website at www.htgc.com. You may read and copy the code of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. In addition, the code of ethics is available on the EDGAR Database on the SEC's Internet site at <http://www.sec.gov>. You may also obtain copies of the code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

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Privacy Principles

We are committed to maintaining the privacy of our stockholders and safeguarding their non-public personal information. The following information is provided to help you understand what personal information we collect, how we protect that information and why, in certain cases, we may share information with select other parties.

Generally, we do not receive any non-public personal information relating to our stockholders, although certain non-public personal information of our stockholders may become available to us. We do not disclose any non-public personal information about our stockholders or former stockholders, except as permitted by law or as is necessary in order to service stockholder accounts (for example, to a transfer agent).

We restrict access to non-public personal information about our stockholders to our employees with a legitimate business need for the information. We maintain physical, electronic and procedural safeguards designed to protect the non-public personal information of our stockholders.

Proxy Voting Policies and Procedures

We vote proxies relating to our portfolio securities in the best interest of our stockholders. Our proxy voting decisions are made by members of the Investment Team, who review on a case- by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that may have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so. We generally do not believe it is necessary to engage the services of an independent third party to assist in issue analysis and vote recommendation for proxy proposals.

To ensure that our vote is not the product of a conflict of interest, we require that: (i) anyone involved in the decision making process disclose to our Chief Compliance Officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

Exemptive Relief

On June 21, 2005, we filed a request with the SEC for exemptive relief to allow us to take certain actions that would otherwise be prohibited by the 1940 Act, as applicable to business development companies. Specifically, we requested that the SEC permit us to issue stock options to our non-employee directors as contemplated by Section 61(a)(3)(B)(i)(II) of the 1940 Act. On February 15, 2007, we received approval from the SEC on this exemptive request. In addition, in June 2007, we filed an amendment to the February 2007 order to adjust the number of shares issued to the non-employee directors. On October 10, 2007, we received approval from the SEC on this amended exemptive request.

On April 5, 2007, we received approval from the SEC on our request for exemptive relief that permits us to exclude the indebtedness of our wholly-owned subsidiaries that are SBICs from the 200% (or 150%, subject to certain approval and disclosure requirements) asset coverage requirement applicable to us.

On May 23, 2007, we received approval from the SEC on our request for exemptive relief that permits us to issue restricted stock to our employees, officers and directors. On June 21, 2007, our shareholders approved amendments to the 2004 Equity Incentive Plan (the 2004 Plan) and 2006 Non-Employee Director Plan (the 2006 Plan and, together with the 2004 Plan, the Plans) permitting such restricted grants. On June 21, 2017, the 2006 Plan expired in accordance with its terms and no additional awards may be granted under the 2006 Plan. In the future, we may adopt a Non-Employee Director Plan that, among other things, provides for the issuance of

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restricted stock to directors. The maximum amount of shares that may be issued under the Plans will be 10% of the outstanding shares of our common stock on the effective date of the Plans plus 10% of the outstanding number of shares of our common stock issued or delivered by us (other than pursuant to compensation plans) during the term of the Plans. The amount of voting securities that would result from the exercise of all of our outstanding warrants, options, and rights, if any, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 25% of our outstanding voting securities, except that if such amount would exceed 15% of our outstanding voting securities, then the total amount of voting securities that would result from the exercise of all outstanding warrants, options, and rights, if any, together with any restricted stock issued pursuant to the Plans, at the time of issuance shall not exceed 20% of our outstanding voting securities.

On June 22, 2010 we received approval from the SEC on our request for exemptive relief that permits our employees to exercise their stock options and restricted stock and pay any related income taxes using a cashless exercise program.

Other

We may be periodically examined by the SEC for compliance with the Exchange Act and the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a business development company, we are prohibited from protecting any director or officer against any liability to our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation. Our Chief Compliance Officer is responsible for administering these policies and procedures.

Small Business Administration Regulations

We make investments in qualifying small businesses through our two wholly-owned SBIC subsidiaries, HT II and HT III. With our net investments of \$44.0 million and \$74.5 million in HT II and HT III, respectively, we have the combined capacity to issue a total of \$190.2 million of SBA guaranteed debentures, subject to SBA approval. At March 31, 2018, we have issued \$190.2 million in SBA guaranteed debentures in our SBIC subsidiaries.

We intend to seek an additional SBIC license to ensure continued access to the maximum statutory limit of SBA guaranteed debentures under the SBIC program. We have formed Hercules Technology IV, L.P. for that purpose. There can be no assurance of when or if we will receive SBA approval for another SBIC license.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding \$19.5 million and have average annual fully taxed net income not exceeding \$6.5 million for the two most recent fiscal years. In addition, SBICs must devote 25.0% of its investment activity to smaller enterprises as defined by the SBA. A smaller enterprise is one that has a tangible net worth not exceeding \$6.0 million and has average annual fully taxed net income not exceeding \$2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, SBICs may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Through our wholly-owned subsidiaries HT II and HT III, we plan to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

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HT II and HT III are periodically examined and audited by the SBA's staff to determine their compliance with SBA regulations. If HT II or HT III fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit HT II's or HT III's use of debentures, declare outstanding debentures immediately due and payable, and/or limit HT II or HT III from making new investments. In addition, HT II or HT III may also be limited in their ability to make distributions to us if they do not have sufficient capital in accordance with SBA regulations. Such actions by the SBA would, in turn, negatively affect us because HT II and HT III are our wholly owned subsidiaries. HT II and HT III were in compliance with the terms of the SBIC's leverage as of March 31, 2018 as a result of having sufficient capital as defined under the SBA regulations.

HT II and HT III hold approximately \$113.1 million and \$285.8 million in assets, respectively, and accounted for approximately 5.7% and 14.4% of our total assets prior to consolidation at March 31, 2018.

The SBA restricts the ability of SBICs to repurchase their capital stock. SBA regulations also include restrictions on a change of control or transfer of an SBIC and require that SBICs invest idle funds in accordance with SBA regulations. In addition, HT II and HT III may also be limited in their ability to make distributions to us if they do not have sufficient capital and/or distributed earnings, in accordance with SBA regulations.

Our SBIC subsidiaries are subject to regulation and oversight by the SBA, including requirements with respect to maintaining certain minimum financial ratios and other covenants. Receipt of an SBIC license does not assure that our SBIC subsidiaries will receive SBA guaranteed debenture funding, which is dependent upon our SBIC subsidiaries continuing to be in compliance with SBA regulations and policies. The SBA, as a creditor, will have a superior claim to our SBIC subsidiaries' assets over our stockholders in the event we liquidate our SBIC subsidiaries or the SBA exercises its remedies under the SBA-guaranteed debentures issued by our SBIC subsidiaries upon an event of default.

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DETERMINATION OF NET ASSET VALUE

We determine the NAV per share of our common stock quarterly. The NAV per share is equal to the value of our total assets minus liabilities and any preferred stock outstanding divided by the total number of shares of common stock outstanding. As of the date of this prospectus, we do not have any preferred stock outstanding.

At March 31, 2018, approximately 91.6% of our total assets represented investments in portfolio companies whose fair value is determined in good faith by the Board of Directors. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which a market quotation is readily available and (ii) for all other securities and assets, fair value is as determined in good faith by the Board of Directors. Our investments are carried at fair value in accordance with the 1940 Act and Accounting Standards Codification Topic 946 Financial Services Investment Companies (ASC 946) and measured in accordance with Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820). Our debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of our investments in these portfolio companies are considered Level 3 assets under ASC 820 because there is no known or accessible market or market indexes for these investment securities to be traded or exchanged. As such, we value substantially all of our investments at fair value as determined in good faith pursuant to a consistent valuation policy by our Board of Directors in accordance with the provisions of ASC 820 and the 1940 Act. Due to the inherent uncertainty in determining the fair value of investments that do not have a readily available market value, the fair value of our investments determined in good faith by our Board of Directors may differ significantly from the value that would have been used had a readily available market existed for such investments, and the differences could be material.

We may from time to time engage an independent valuation firm to provide us with valuation assistance with respect to certain portfolio investments. We engage independent valuation firms on a discretionary basis. Specifically, on a quarterly basis, we will identify portfolio investments with respect to which an independent valuation firm will assist in valuing. We select these portfolio investments based on a number of factors, including, but not limited to, the potential for material fluctuations in valuation results, credit quality and the time lapse since the last valuation of the portfolio investment by an independent valuation firm.

We intend to continue to engage an independent valuation firm to provide us with assistance regarding our determination of the fair value of selected portfolio investments each quarter unless directed by the Board of Directors to cancel such valuation services. The scope of the services rendered by an independent valuation firm is at the discretion of the Board of Directors. Our Board of Directors is ultimately, and solely, responsible for determining the fair value of our investments in good faith.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, our Board of Directors has approved a multi-step valuation process each quarter, as described below:

- (1) our quarterly valuation process begins with each portfolio company being initially valued by the investment professionals responsible for the portfolio investment;
- (2) preliminary valuation conclusions are then documented and business based assumptions are discussed with our investment committee;
- (3) the Audit Committee of the Board of Directors reviews the preliminary valuation of the investments in the portfolio as provided by the investment committee, which incorporates the results of the independent valuation firm as appropriate; and
- (4) the Board of Directors, upon the recommendation of the Audit Committee, discusses valuations and determines the fair value of each investment in our portfolio in good faith based on the input of, where applicable, the respective independent valuation firm and the investment committee.

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ASC 820 establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. ASC 820 also requires disclosure for fair value measurements based on the level within the hierarchy of the information used in the valuation. ASC 820 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

We have categorized all investments recorded at fair value in accordance with ASC 820 based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels, defined by ASC 820 and directly related to the amount of subjectivity associated with the inputs to fair valuation of these assets and liabilities, are as follows:

Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are equities listed in active markets.

Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset in connection with market data at the measurement date and for the extent of the instrument's anticipated life. Fair valued assets that are generally included in this category are publicly held debt investments and warrants held in a public company.

Level 3 Inputs reflect management's best estimate of what market participants would use in pricing the asset at the measurement date. It includes prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Generally, assets carried at fair value and included in this category are the debt investments and warrants and equities held in a private company.

Debt Investments

We follow the guidance set forth in ASC 820 which establishes a framework for measuring the fair value of assets and liabilities and outlines a fair value hierarchy which prioritizes the inputs used to measure fair value and the effect of fair value measures on earnings. Our debt securities are primarily invested in venture capital-backed companies in technology-related industries including technology, drug discovery and development, biotechnology, life sciences, healthcare, and sustainable and renewable technology at all stages of development. Given the nature of lending to these types of businesses, substantially all of our investments in these portfolio companies are considered Level 3 assets under ASC 820 because there is no known or accessible market or market indexes for debt instruments for these investment securities to be traded or exchanged. In addition, we may, from time to time, invest in public debt of companies that meet our investment objectives. These investments are considered Level 2 assets.

In making a good faith determination of the value of our investments, we generally start with the cost basis of the investment, which includes the value attributed to the OID, if any, and PIK interest or other receivables which have been accrued as earned. We then apply the valuation methods as set forth below.

We apply a procedure for debt investments that assumes the sale of each investment in a hypothetical market to a hypothetical market participant where buyers and sellers are willing participants. The hypothetical market does not include scenarios where the underlying security was simply repaid or extinguished, but includes an exit concept. We determine the yield at inception for each debt investment.

We then use senior secured, leveraged loan yields provided by third party providers to determine the change in market yields between inception of the debt investment and the measurement date. Industry specific indices and other relevant market data are used to benchmark/assess market based movements.

Under this process, we also evaluate the collateral for recoverability of the debt investments. We consider each portfolio company's credit rating, security liens and other characteristics of the investment to adjust the

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baseline yield to derive a credit adjusted hypothetical yield for each investment as of the measurement date. The anticipated future cash flows from each investment are then discounted at the hypothetical yield to estimate each investment's fair value as of the measurement date.

Our process includes an analysis of, among other things, the underlying investment performance, the current portfolio company's financial condition and market changing events that impact valuation, estimated remaining life, current market yield and interest rate spreads of similar securities as of the measurement date. We value our syndicated debt investments using broker quotes and bond indices amongst other factors. If there is a significant deterioration of the credit quality of a debt investment, we may consider other factors to estimate fair value, including the proceeds that would be received in a liquidation analysis.

We record unrealized depreciation on investments when we believe that an investment has decreased in value, including where collection of a debt investment is doubtful or, if under the in-exchange premise, when the value of a debt investment is less than amortized cost of the investment. Conversely, where appropriate, we record unrealized appreciation if we believe that the underlying portfolio company has appreciated in value and, therefore, that our investment has also appreciated in value or, if under the in-exchange premise, the value of a debt investment is greater than amortized cost.

When originating a debt instrument, we generally receive warrants or other equity-related securities from the borrower. We determine the cost basis of the warrants or other equity-related securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants or other equity-related securities received. Any resulting discount on the debt investments from recordation of the warrant or other equity instruments is accreted into interest income over the life of the debt investment.

Debt investments that are traded on a public exchange are valued at the prevailing market price as of the valuation date.

Equity-Related Securities and Warrants

Securities that are traded in the over-the-counter markets or on a stock exchange will be valued at the prevailing bid price at period end. We have a limited amount of equity securities in public companies. In accordance with the 1940 Act, unrestricted publicly traded securities for which market quotations are readily available are valued at the closing market quote on the measurement date.

We estimate the fair value of warrants using a Black Scholes OPM. At each reporting date, privately held warrant and equity-related securities are valued based on an analysis of various factors including, but not limited to, the portfolio company's operating performance and financial condition and general market conditions, price to enterprise value or price to equity ratios, discounted cash flow, valuation comparisons to comparable public companies or other industry benchmarks. When an external event occurs, such as a purchase transaction, public offering, or subsequent equity sale, the pricing indicated by that external event is utilized to corroborate our valuation of the warrant and equity-related securities. We periodically review the valuation of our portfolio companies that have not been involved in a qualifying external event to determine if the enterprise value of the portfolio company may have increased or decreased since the last valuation measurement date.

Escrow Receivables

Escrow receivables are collected in accordance with the terms and conditions of the escrow agreement. Escrow balances are typically distributed over a period greater than one year and may accrue interest during the escrow period. Escrow balances are measured for collectability on at least a quarterly basis and fair value is determined based on the amount of the estimated recoverable balances and the contractual maturity date. As of March 31, 2018, there were no material past due escrow receivables.

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Determinations In Connection With Offerings

In connection with each offering of shares of our common stock, the Board of Directors or a committee thereof is required to make the determination that we are not selling shares of our common stock at a price below our then current NAV at the time at which the sale is made, unless it is determined by the Board of Directors that such sale is in the best interests of our stockholders and such sale is otherwise approved by our stockholders. The Board of Directors considers the following factors, among others, in making such determination:

the NAV of our common stock disclosed in the most recent periodic report we filed with the SEC;

our management's assessment of whether any material change in the NAV has occurred (including through the realization of net gains on the sale of our portfolio investments) from the period beginning on the date of the most recently disclosed NAV to the period ending two days prior to the date of the sale of our common stock; and

the magnitude of the difference between (i) a value that our Board of Directors or an authorized committee thereof has determined reflects the current NAV of our common stock, which is generally based upon the NAV of our common stock disclosed in the most recent periodic report that we filed with the SEC, as adjusted to reflect our management's assessment of any material change in the NAV of our common stock since the date of the most recently disclosed NAV of our common stock, and (ii) the offering price of the shares of our common stock in the proposed offering.

Importantly, this determination does not require that we calculate NAV in connection with each offering of shares of our common stock, but instead it involves the determination by the Board of Directors or a committee thereof that we are not selling shares of our common stock at a price below the then current NAV at the time at which the sale is made.

Moreover, to the extent that there is a possibility that we may (i) issue shares of our common stock at a price below the then current NAV of our common stock at the time at which the sale is made or (ii) trigger the undertaking (which we will provide to the SEC in a registration statement to which a prospectus will be a part) to suspend the offering of shares of our common stock pursuant to a prospectus if the NAV fluctuates by certain amounts in certain circumstances until such prospectus is amended, the Board of Directors or a committee thereof will elect, in the case of clause (i) above, either to postpone the offering until such time that there is no longer the possibility of the occurrence of such, events or to undertake to determine NAV within two days prior to any such sale to ensure that such sale will not be below our then current NAV, and, in the case of clause (ii) above, to comply with such undertaking or to undertake to determine NAV to ensure that such undertaking has not been triggered.

These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records we are required to maintain under the 1940 Act.

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

We are not generally able to issue and sell our common stock at a price below NAV per share. We may, however, sell our common stock, at a price below the current NAV of the common stock, or sell warrants, options or other rights to acquire such common stock, at a price below the current NAV of the common stock if our Board of Directors determines that such sale is in our best interests and the best interests of our stockholders and our stockholders have approved the practice of making such sales. In connection with the receipt of such stockholder approval, we will agree to limit the number of shares that we issue at a price below NAV pursuant to this authorization so that the aggregate dilutive effect on our then outstanding shares will not exceed 20%. Our Board of Directors, subject to its fiduciary duties and regulatory requirements, has the discretion to determine the amount of the discount, and as a result, the discount could be up to 100% of NAV per share.

In order to sell shares pursuant to this authorization:

a majority of our independent directors who have no financial interest in the sale must have approved the sale; and

a majority of such directors, who are not interested persons of the Company, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, must have determined in good faith, and as of a time immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of those shares, less any underwriting commission or discount; and

Any offering of common stock below NAV per share will be designed to raise capital for investment in accordance with our investment objectives and business strategies.

In making a determination that an offering below NAV per share is in our and our stockholders' best interests, our Board of Directors would consider a variety of factors including:

The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;

The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;

The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;

Whether the proposed offering price would closely approximate the market value of our shares;

The potential market impact of being able to raise capital during the current financial market difficulties;

The nature of any new investors anticipated to acquire shares in the offering;

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The anticipated rate of return on and quality, type and availability of investments to be funded with the proceeds from the offering, if any; and

The leverage available to us, both before and after any offering, and the terms thereof.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different sets of investors:

existing stockholders who do not purchase any shares in the offering;

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existing stockholders who purchase a relatively small amount of shares in the offering or a relatively large amount of shares in the offering; and

new investors who become stockholders by purchasing shares in the offering.

Impact on Existing Stockholders not Participating in the Offering

Our existing stockholders who do not participate in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. All stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold. Stockholders who do not participate in the offering will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than stockholders who do participate in the offering. All stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

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The following table illustrates the level of NAV dilution that would be experienced by a nonparticipating stockholder in different hypothetical offerings of different sizes and levels of discount from NAV per share. Actual sales prices and discounts may differ from the presentation below.

The examples assume that Company XYZ has 3,000,000 common shares outstanding, \$40,000,000 in total assets and \$10,000,000 in total liabilities. The current NAV and NAV are thus \$30,000,000 and \$10.00, respectively. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 300,000 shares (10% of the outstanding shares) with proceeds to the Company XYZ at \$9.00 per share after offering expenses and commissions, and (2) an offering of 600,000 shares (20% of the outstanding shares) with proceeds to the Company at \$0.001 per share after offering expenses and commissions (a 100% discount from NAV).

	Prior to Sale Below NAV	Example 1 10% Offering at 10% Discount Following Sale	% Change	Example 2 20% Offering at 100% Discount Following Sale	% Change
Offering Price					
Price per Share to Public ⁽¹⁾		\$ 9.47		\$ 0.001	
Net Proceeds per Share to Issuer		\$ 9.00		\$ 0.001	
Decrease to NAV					
Total Shares Outstanding	3,000,000	3,300,000	10.00%	3,600,000	20.00%
NAV per Share	\$ 10.00	\$ 9.91	(0.90)%	\$ 8.33	(16.67)%
Share Dilution to Stockholder					
Shares Held by Stockholder A	30,000	30,000		30,000	
Percentage of Shares Held by Stockholder A	1.00%	0.91%	(9.09)%	0.83%	(16.67)%
Total Asset Values					
Total NAV Held by Stockholder A	\$ 300,000	\$ 297,273	(0.90)%	\$ 250,005	(16.67)%
Total Investment by Stockholder A (Assumed to Be \$10.00 per Share)	\$ 300,000	\$ 300,000		\$ 300,000	
Total Dilution to Stockholder A (Change in Total NAV Held By Stockholder)		\$ (2,727)		\$ (49,995)	
Per Share Amounts					
NAV per Share Held by Stockholder A		\$ 9.91		\$ 8.33	
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)	\$ 10.00	\$ 10.00		\$ 10.00	
Dilution per Share Held by Stockholder A		\$ (0.09)		\$ (1.67)	
Percentage Dilution per Share Held by Stockholder A			(0.90)%		(16.67)%

(1) Assumes 5% in selling compensation and expenses paid by Company XYZ.

Impact on Existing Stockholders who do Participate in the Offering

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution on an aggregate basis will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than their proportionate percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in

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our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares purchased by such stockholder increases. Even a stockholder who over-participates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discount to NAV increases.

The following chart illustrates the level of dilution and accretion in the hypothetical 20% discount offering from the prior chart (Example 3) for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 3,000 shares, which is 0.5% of an offering of 600,000 shares rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., 9,000 shares, which is 1.5% of an offering of 600,000 shares rather than its 1.0% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a chart for this example based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

	Prior to Sale Below NAV	50% Participation Following Sale	% Change	150% Participation Following Sale	% Change
Offering Price					
Price per Share to Public ⁽¹⁾		\$ 8.42		\$ 8.42	
Net Proceeds per Share to Issuer		\$ 8.00		\$ 8.00	
Increase in Shares and Decrease to NAV					
Total Shares Outstanding	3,000,000	3,600,000	20.00%	3,600,000	20.00%
NAV per Share	\$ 10.00	\$ 9.67	(3.33)%	\$ 9.67	(3.33)%
Dilution/Accretion to Participating Stockholder A					
Share Dilution/Accretion					
Shares Held by Stockholder A	30,000	33,000	10.00%	39,000	30.00%
Percentage Outstanding Held by Stockholder A	1.00%	0.92%	(8.33)%	1.08%	8.33%
NAV Dilution/Accretion					
Total NAV Held by Stockholder A	\$ 300,000	\$ 319,110	6.33%	\$ 377,130	25.67%
Total Investment by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)		\$ 325,260		\$ 375,780	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)		\$ (6,150)		\$ 1,350	
NAV Dilution/Accretion per Share					
NAV per Share Held by Stockholder A		\$ 9.67		\$ 9.67	
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)	\$ 10.00	\$ 9.86	(1.44)%	\$ 9.64	(3.65)%
NAV Dilution/Accretion per Share Experienced by Stockholder A (NAV per Share Less Investment per Share)		\$ (0.19)		\$ 0.03	
Percentage NAV Dilution/Accretion Experienced by Stockholder A (NAV Dilution/Accretion per Share Divided by Investment per Share)			(1.93)%		0.31%

(1) Assumes 5% in selling compensation and expenses paid by Company XYZ.

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Investors who are not currently stockholders, but who participate in an offering below NAV and whose investment per share is greater than the resulting NAV per share (due to selling compensation and expenses paid by us) will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares. All these investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discount to NAV increases.

The following chart illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical 10% and 100% discounted offerings as described in the first chart above. The illustration is for a new investor who purchases the same percentage (1.00%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a chart for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share.

	Prior to Sale Below NAV	Example 1 10% Offering at 10% Discount Following Sale	% Change	Example 2 20% Offering at 100% Discount Following Sale	% Change
Offering Price					
Price per Share to Public ⁽¹⁾		\$ 9.47		\$ 0.001	
Net Proceeds per Share to Issuer		\$ 9.00		\$ 0.001	
Increase in Shares and Decrease to NAV					
Total Shares Outstanding	3,000,000	3,300,000	10.00%	3,600,000	20.00%
NAV per Share	\$ 10.00	\$ 9.91	(0.90)%	\$ 8.33	(16.67)%
Dilution/Accretion to New Investor A					
Share Dilution					
Shares Held by Investor A		3,000		6,000	
Percentage Outstanding Held by Investor A	0.00%	0.09%		0.17%	
NAV Dilution					
Total NAV Held by Investor A		\$ 29,730		\$ 50,001	
Total Investment by Investor A (At Price to Public)		\$ 28,410		\$ 6	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)		\$ 1,320		\$ 49,995	
NAV Dilution per Share					
NAV per Share Held by Investor A		\$ 9.91		\$ 8.33	
Investment per Share Held by Investor A		\$ 9.47		\$ 0.001	
NAV Dilution/Accretion per Share Experienced by Investor A (NAV per Share Less Investment per Share)		\$ 0.44		\$ 8.33	
Percentage NAV Dilution/Accretion Experienced by Investor A (NAV Dilution/Accretion per Share Divided by Investment per Share)			4.65%		99.99%

(1) Assumes 5% in selling compensation and expenses paid by Company XYZ.

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DIVIDEND REINVESTMENT PLAN

We have adopted a dividend reinvestment plan (the "DRP"), through which all distributions are paid to our stockholders in the form of additional shares of our common stock, unless a stockholder elects to receive cash as provided below. In this way, a stockholder can maintain an undiluted investment in our common stock and still allow us to pay out the required distributable income.

No action is required on the part of a registered stockholder to receive a distribution in shares of our common stock. A registered stockholder may elect to receive an entire distribution in cash by notifying American Stock Transfer & Trust Company, the plan administrator and our transfer agent and registrar, so that such notice is received by the plan administrator no later than three days prior to the payment date for distributions to stockholders. The plan administrator will set up an account for shares acquired through the DRP for each stockholder who has not elected to receive distributions in cash (each a "Participant") and hold such shares in non-certificated form. Upon request by a Participant, received not less than three days prior to the payment date, the plan administrator will, instead of crediting shares to the Participant's account, issue a certificate registered in the Participant's name for the number of whole shares of our common stock and a check for any fractional share.

Those stockholders whose shares are held by a broker or other financial intermediary may receive distributions in cash by notifying their broker or other financial intermediary of their election.

We expect to use primarily newly-issued shares to implement the DRP, whether our shares are trading at a premium or at a discount to NAV, although we have the option under the DRP to purchase shares in the market to fulfill DRP requirements. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the distribution payable to such stockholder by the market price per share of our common stock at the close of regular trading on the NYSE on the valuation date for such distribution. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, at the average of their electronically-reported bid and asked prices. The number of shares of our common stock to be outstanding after giving effect to payment of the distribution cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

There is no charge to our stockholders for receiving their distributions in the form of additional shares of our common stock. The plan administrator's fees for handling distributions in stock are paid by us. There are no brokerage charges with respect to shares we have issued directly as a result of distributions payable in stock. If a Participant elects by internet or by written or telephonic notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the Participant's account and remit the proceeds to the Participant, the plan administrator is authorized to deduct a \$15.00 transaction fee plus brokerage commissions from the proceeds.

Any shares issued in connection with a stock split or stock dividend will be added to a Participant's account with the Plan Administrator. The Plan Administrator may curtail or suspend transaction processing until the completion of such stock split or payment of such stock dividend.

Stockholders who receive distributions in the form of stock generally are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their distributions in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a distribution from us will be equal to the total dollar amount of the distribution payable to the stockholder.

The DRP may be terminated by us upon notice in writing mailed to each Participant at least 30 days prior to any record date for the payment of any distribution by us. All correspondence concerning the DRP, including requests for additional information, should be directed to the plan administrator by mail at American Stock Transfer & Trust Company, Attn: Dividend Reinvestment Department, P.O. Box 922, Wall Street Station, New York, NY 10269-0560 or by phone at 1-866-669-9888.

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The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary may not contain all of the information that is important to you, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below.

Under the terms of our charter, our authorized capital stock consists of 200,000,000 shares of common stock, par value \$0.001 per share, of which 86,796,043 shares are outstanding as of May 29, 2018. Under our charter, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock, and to cause the issuance of such shares, without obtaining stockholder approval. In addition, as permitted by the Maryland General Corporation Law, but subject to the 1940 Act, our charter provides that the Board of Directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

Common Stock

All shares of our common stock have equal rights as to earnings, assets, distributions and voting privileges, except as described below and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable.

Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of assets legally available therefor. Shares of our common stock have no conversion, exchange, preemptive or redemption rights. In the event of a liquidation, dissolution or winding up of Hercules each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

Title of Class	Amount Authorized	Amount Held by Company for its Account	Amount Outstanding
Common Stock, \$0.001 par value per share	200,000,000		86,796,043

Preferred Stock

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the Board of Directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act. The 1940 Act requires, among other things, that (1) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before

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any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision which eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our charter also provides that, to the maximum extent permitted by Maryland law, with the approval of our Board of Directors and provided that certain conditions described in our charter are met, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our charter. Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which such person shall have been finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that their action was in our best interest or to be liable to us or our stockholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office. Our bylaws also provide that, to the maximum extent permitted by Maryland law, with the approval of our Board of Directors and provided that certain conditions described in our bylaws are met, we may pay certain expenses incurred by any such indemnified person in advance of the final disposition of a proceeding upon receipt of an undertaking by or on behalf of such indemnified person to repay amounts we have so paid if it is ultimately determined that indemnification of such expenses is not authorized under our bylaws.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments,

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penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We currently have in effect a directors' and officers' insurance policy covering our directors and officers and us for any acts and omissions committed, attempted or allegedly committed by any director or officer during the policy period. The policy is subject to customary exclusions.

Provisions of the Maryland General Corporation Law and Our Charter and Bylaws

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

Classified Board of Directors

Our Board of Directors is divided into three classes of directors serving staggered three-year terms. The terms of the first, second and third classes will expire in 2020, 2018 and 2019, respectively. Upon expiration of their current terms, directors of each class are eligible to serve for three-year terms or until their successors are duly elected and qualify. Each year one class of directors will be elected by the stockholders. A classified board may render a change in control or removal of our incumbent management more difficult. We believe, however, that the longer time required to elect a majority of a classified Board of Directors will help to ensure the continuity and stability of our management and policies.

Election of Directors

Our charter provides that, except as otherwise provided in the bylaws, the affirmative vote of the holders of a majority of the outstanding shares of stock entitled to vote in the election of directors will be required to elect each director. Our bylaws currently provide that directors are elected by a plurality of the votes cast in the election of directors. Pursuant to our charter and bylaws, our Board of Directors may amend the bylaws to alter the vote required to elect directors.

Number of Directors; Vacancies; Removal

Our charter provides that the number of directors will be set only by the Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless the bylaws are amended, the number of directors may never

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be less than one nor more than 12. We have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law, as amended (the Maryland General Corporation Law), regarding the filling of vacancies on the Board of Directors. Accordingly, at such time, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, any and all vacancies on the Board of Directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act.

Our charter provides that a director may be removed only for cause, as defined in the charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast in the election of directors.

Action by Stockholders

Under the Maryland General Corporation Law, stockholder action may be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the charter provides for stockholder action by less than unanimous written consent, which our charter does not). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of persons for election to the Board of Directors and the proposal of business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of persons for election to the Board of Directors at a special meeting may be made only (1) pursuant to our notice of the meeting, (2) by the Board of Directors or (3) provided that the Board of Directors has determined that directors will be elected at the meeting, by a stockholder who is entitled to vote at the meeting and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board of Directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

Calling of Special Meeting of Stockholders

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders shall be called by our secretary upon the written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast at such meeting.

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Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of charter amendments and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain charter amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 75% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 75% of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such a matter. The continuing directors are defined in our charter as our current directors, as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors.

Our charter and bylaws provide that the Board of Directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

No Appraisal Rights

Except with respect to appraisal rights arising in connection with the Control Share Act discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights.

Control Share Acquisitions

The Maryland Control Share Acquisition Act (the Control Share Act) provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by directors who are employees of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

one-tenth or more but less than one-third;

one-third or more but less than a majority; or

a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the Board of Directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

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If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock.

Business Combinations

Under the Maryland Business Combination Act (the Business Combination Act), business combinations between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

any person who beneficially owns 10% or more of the voting power of the corporation's shares; or

an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10% or more of the voting power of the then outstanding voting stock of the corporation.

A person is not an interested stockholder under this statute if the Board of Directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the Board of Directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the 5-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the Board of Directors of the corporation and approved by the affirmative vote of at least:

80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and

two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation's common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the Board of Directors before the time that the interested stockholder becomes an interested

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stockholder. Our Board of Directors has adopted a resolution exempting any business combination between us and any other person from the provisions of the Business Combination Act, provided that the business combination is first approved by the Board of Directors, including a majority of the directors who are not interested persons as defined in the 1940 Act.

Conflict with 1940 Act

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

Regulatory Restrictions

Our wholly-owned subsidiaries, HT II and HT III, have obtained SBIC licenses. The SBA prohibits, without prior SBA approval, a change of control or transfers which would result in any person (or group of persons acting in concert) owning 10% or more of any class of capital stock of a SBIC. A change of control is any event which would result in a transfer of the power, direct or indirect, to direct the management and policies of a SBIC, whether through ownership, contractual arrangements or otherwise.

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DESCRIPTION OF OUR PREFERRED STOCK

In addition to shares of common stock, our charter authorizes the issuance of preferred stock. We may issue preferred stock from time to time in one or more classes or series, without stockholder approval. If we offer preferred stock under this prospectus we will issue an appropriate prospectus supplement. Prior to issuance of shares of each class or series, our Board of Directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, the Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions that could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any such an issuance must adhere to the requirements of the 1940 Act, Maryland law and any other limitations imposed by law.

The following is a general description of the terms of the preferred stock we may issue from time to time. Particular terms of any preferred stock we offer will be described in the prospectus supplement accompanying each preferred share offering.

The 1940 Act requires, among other things, that (i) immediately after issuance and before any dividend or other distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our total assets after deducting the amount of such dividend, distribution or purchase price, as the case may be, (ii) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if dividends or other distribution on the preferred stock are in arrears by two years or more, and (iii) such shares be cumulative as to distributions and have a complete preference over our common stock to payment of their liquidation in event of dissolution. Some matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.

For any series of preferred stock that we may issue, our Board of Directors will determine and the articles supplementary and the prospectus supplement relating to such series will describe:

the designation and number of shares of such series;

the rate and time at which, and the preferences and conditions under which, any dividends or other distributions will be paid on shares of such series, as well as whether such dividends or other distributions are participating or non-participating;

any provisions relating to convertibility or exchangeability of the shares of such series, including adjustments to the conversion price of such series;

the rights and preferences, if any, of holders of shares of such series upon our liquidation, dissolution or winding up of our affairs;

the voting powers, if any, of the holders of shares of such series;

any provisions relating to the redemption of the shares of such series;

any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;

any conditions or restrictions on our ability to issue additional shares of such series or other securities;

if applicable, a discussion of certain U.S. federal income tax considerations; and

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any other relative powers, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our Board of Directors, and all shares of each series of preferred stock will be identical and of equal rank except as to the dates from which dividends or other distributions, if any, thereon will be cumulative. To the extent we issue preferred stock, the payment of distributions to holders of our preferred stock will take priority over payment of distributions to our common stockholders.

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DESCRIPTION OF OUR SUBSCRIPTION RIGHTS

The following is a general description of the terms of the subscription rights we may issue from time to time. Particular terms of any subscription rights we offer will be described in the prospectus supplement relating to such subscription rights.

We may issue subscription rights to our stockholders to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

Our stockholders will indirectly bear all of the expenses of the subscription rights offering, regardless of whether our stockholders exercise any subscription rights.

A prospectus supplement will describe the particular terms of any subscription rights we may issue, including the following:

the period of time the offering would remain open (which shall be open a minimum number of days such that all record holders would be eligible to participate in the offering and shall not be open longer than 120 days);

the title and aggregate number of such subscription rights;

the exercise price for such subscription rights (or method of calculation thereof);

the currency or currencies, including composite currencies, in which the price of such subscription rights may be payable;

if applicable, the designation and terms of the securities with which the subscription rights are issued and the number of subscription rights issued with each such security or each principal amount of such security;

the ratio of the offering (which, in the case of transferable rights, will require a minimum of three shares to be held of record before a person is entitled to purchase an additional share);

the number of such subscription rights issued to each stockholder;

the extent to which such subscription rights are transferable and the market on which they may be traded if they are transferable;

the date on which the right to exercise such subscription rights shall commence, and the date on which such right shall expire (subject to any extension);

if applicable, the minimum or maximum number of subscription rights that may be exercised at one time;

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the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities and the terms of such over-subscription privilege;

any termination right we may have in connection with such subscription rights offering;

the terms of any rights to redeem, or call such subscription rights;

information with respect to book-entry procedures, if any;

the terms of the securities issuable upon exercise of the subscription rights;

the material terms of any standby underwriting, backstop or other purchase arrangement that we may enter into in connection with the subscription rights offering;

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if applicable, a discussion of certain U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights; and

any other terms of such subscription rights, including exercise, settlement and other procedures and limitations relating to the transfer and exercise of such subscription rights.

Each subscription right will entitle the holder of the subscription right to purchase for cash or other consideration such amount of shares of common stock at such subscription price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby. Subscription rights may be exercised as set forth in the prospectus supplement beginning on the date specified therein and continuing until the close of business on the expiration date for such subscription rights set forth in the prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights will become void.

Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement we will forward, as soon as practicable, the shares of common stock purchasable upon such exercise. If less than all of the rights represented by such subscription rights certificate are exercised, a new subscription certificate will be issued for the remaining rights. Prior to exercising their subscription rights, holders of subscription rights will not have any of the rights of holders of the securities purchasable upon such exercise. To the extent permissible under applicable law, we may determine to offer any unsubscribed offered securities directly to persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, as set forth in the applicable prospectus supplement.

Under the 1940 Act, we may generally only offer subscription rights (other than rights to subscribe expiring not later than 120 days after their issuance and issued exclusively and ratably to a class or classes of our security holders) on the condition that (1) the subscription rights expire by their terms within ten years; (2) the exercise price is not less than the current market value at the date of issuance; (3) our stockholders authorize the proposal to issue such subscription rights, and a required majority of our Board of Directors approves of such issuance on the basis that the issuance is in the best interests of the Company and our stockholders; and (4) if the subscription rights are accompanied by other securities, the subscription rights are not separately transferable unless no class of such subscription rights and the securities accompanying them has been publicly distributed. A required majority of our Board of Directors is a vote of both a majority of our directors who have no financial interest in the transaction and a majority of the directors who are not interested persons of the company. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, options and subscription rights at the time of issuance may not exceed 25% of our outstanding voting securities.

For information regarding the dilutive impact of rights offerings, please see [Risk Factors](#) [Risks Related to Our Securities](#) [Your interest in us may be diluted if you do not fully exercise your subscription rights in any rights offering.](#) In addition, if the subscription price is less than our NAV per share, then you will experience an immediate dilution of the aggregate NAV of your shares.

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DESCRIPTION OF WARRANTS

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants and will be subject to compliance with the 1940 Act.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common stock, preferred stock or debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

the title and aggregate number of such warrants;

the price or prices at which such warrants will be issued;

the currency or currencies, including composite currencies, in which the price of such warrants may be payable;

if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;

in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;

in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;

the date on which the right to exercise such warrants shall commence and the date on which such right will expire (subject to any extension);

whether such warrants will be issued in registered form or bearer form;

if applicable, the minimum or maximum amount of such warrants that may be exercised at any one time;

if applicable, the date on and after which such warrants and the related securities will be separately transferable;

the terms of any rights to redeem, or call such warrants;

information with respect to book-entry procedures, if any;

the terms of the securities issuable upon exercise of the warrants;

if applicable, a discussion of certain U.S. federal income tax considerations; and

any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants. We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

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Each warrant will entitle the holder to purchase for cash such common stock or preferred stock at the exercise price or such principal amount of debt securities as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the warrants offered thereby. Warrants may be exercised as set forth in the prospectus supplement beginning on the date specified therein and continuing until the close of business on the expiration date set forth in the prospectus supplement. After the close of business on the expiration date, unexercised warrants will become void.

Upon receipt of payment and a warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the prospectus supplement, we will, as soon as practicable, forward the securities purchasable upon such exercise. If less than all of the warrants represented by such warrant certificate are exercised, a new warrant certificate will be issued for the remaining warrants. If we so indicate in the applicable prospectus supplement, holders of the warrants may surrender securities as all or part of the exercise price for warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends or other distributions, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the 1940 Act, we may generally only offer warrants provided that (i) the warrants expire by their terms within ten years, (ii) the exercise or conversion price is not less than the current market value at the date of issuance, (iii) our stockholders authorize the proposal to issue such warrants, and our Board of Directors approves such issuance on the basis that the issuance is in the best interests of the Company and its stockholders and (iv) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants and the securities accompanying them has been publicly distributed. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants, as well as options and rights, at the time of issuance may not exceed 25% of our outstanding voting securities.

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DESCRIPTION OF OUR DEBT SECURITIES

We may issue debt securities in one or more series. The specific terms of each series of debt securities will be described in this prospectus and in the particular prospectus supplement relating to that series. The prospectus supplement may or may not modify the general terms found in this prospectus and will be filed with the SEC. For a complete description of the terms of a particular series of debt securities, including any supplemental indenture, you should read both this prospectus and the prospectus supplement relating to that particular series.

As required by federal law for all bonds and notes of companies that are publicly offered, the debt securities are governed by a document called an indenture. An indenture is a contract between us and U.S. Bank National Association, a financial institution acting as trustee on your behalf, and is subject to and governed by the Trust Indenture Act of 1939, as amended. The trustee has two main roles. First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described in the second paragraph under **Events of Default Remedies if an Event of Default Occurs**. Second, the trustee performs certain administrative duties for us.

Because this section is a summary, it does not describe every aspect of the debt securities and the indenture. The following description summarizes the material provisions of the indenture. We urge you to read the indenture because it, and not this description, defines your rights as a holder of debt securities. For example, in this section, we use capitalized words to signify terms that are specifically defined in the indenture. We have filed the form of the indenture with the SEC. See **Available Information** for information on how to obtain a copy of the indenture.

A prospectus supplement, which will accompany this prospectus, will describe the particular terms of any series of debt securities being offered, including the following:

the designation or title of the series of debt securities;

the total principal amount of the series of debt securities;

the percentage of the principal amount at which the series of debt securities will be offered;

the date or dates on which principal will be payable;

the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;

the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;

the terms for redemption, extension or early repayment, if any;

the currencies in which the series of debt securities are issued and payable;

whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;

the place or places, if any, other than or in addition to the City of New York, of payment, transfer, conversion and/or exchange of the debt securities;

the denominations in which the offered debt securities will be issued;

the provision for any sinking fund;

any restrictive covenants;

any Events of Default;

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whether the series of debt securities are issuable in certificated form;

any provisions for defeasance or covenant defeasance;

if applicable, U.S. federal income tax considerations relating to OID;

whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);

any provisions for convertibility or exchangeability of the debt securities into or for any other securities;

whether the debt securities are subject to subordination and the terms of such subordination;

the listing, if any, on a securities exchange; and

any other terms.

The debt securities may be secured or unsecured obligations. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

We are permitted, under specified conditions, to issue multiple classes of indebtedness if our asset coverage, as defined in the 1940 Act, is at least equal to 200% (or 150%, subject to certain approval and disclosure requirements) immediately after each such issuance. In addition, while any indebtedness and other senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see Risk Factors Risks Related to Our Business Structure.

General

The indenture provides that any debt securities proposed to be sold under this prospectus and the attached prospectus supplement (offered debt securities) and any debt securities issuable upon the exercise of warrants or upon conversion or exchange of other offered securities (underlying debt securities), may be issued under the indenture in one or more series.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on debt securities will include additional amounts if required by the terms of the debt securities.

The indenture does not limit the amount of debt securities that may be issued thereunder from time to time. Debt securities issued under the indenture, when a single trustee is acting for all debt securities issued under the indenture, are called the indenture securities. The indenture also provides that there may be more than one trustee thereunder, each with respect to one or more different series of indenture securities. See Resignation of Trustee section below. At a time when two or more trustees are acting under the indenture, each with respect to only certain series, the term indenture securities means the one or more series of debt securities with respect to which each respective trustee is acting. In the event that there is more than one trustee under the indenture, the powers and trust obligations of each trustee described in this prospectus will extend only to the one or more series of indenture securities for which it is trustee. If two or more trustees are acting under the indenture, then the indenture securities for which each trustee is acting would be treated as if issued under separate indentures.

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We refer you to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

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We have the ability to issue indenture securities with terms different from those of indenture securities previously issued and, without the consent of the holders thereof, to reopen a previous issue of a series of indenture securities and issue additional indenture securities of that series unless the reopening was restricted when that series was created.

Conversion and Exchange

If any debt securities are convertible into or exchangeable for other securities, the prospectus supplement will explain the terms and conditions of the conversion or exchange, including the conversion price or exchange ratio (or the calculation method), the conversion or exchange period (or how the period will be determined), if conversion or exchange will be mandatory or at the option of the holder or us, provisions for adjusting the conversion price or the exchange ratio and provisions affecting conversion or exchange in the event of the redemption of the underlying debt securities. These terms may also include provisions under which the number or amount of other securities to be received by the holders of the debt securities upon conversion or exchange would be calculated according to the market price of the other securities as of a time stated in the prospectus supplement.

Issuance of Securities in Registered Form

We may issue the debt securities in registered form, in which case we may issue them either in book-entry form only or in certificated form. Debt securities issued in book-entry form will be represented by global securities. We expect that we will usually issue debt securities in book-entry only form represented by global securities.

Book-Entry Holders

We will issue registered debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means debt securities will be represented by one or more global securities registered in the name of a depository that will hold them on behalf of financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities held by the depository or its nominee. These institutions may hold these interests on behalf of themselves or customers.

Under the indenture, only the person in whose name a debt security is registered is recognized as the holder of that debt security. Consequently, for debt securities issued in book-entry form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository will then pass along the payments it receives to its participants, which in turn will pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are represented by one or more global securities, investors will be indirect holders, and not holders, of the debt securities.

Street Name Holders

In the future, we may issue debt securities in certificated form or terminate a global security. In these cases, investors may choose to hold their debt securities in their own names or in street name. Debt securities held in street name are registered in the name of a bank, broker or other financial institution chosen by the investor, and the investor would hold a beneficial interest in those debt securities through the account he or she maintains at that institution.

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For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions will pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, and not holders, of the debt securities.

Legal Holders

Our obligations, as well as the obligations of the applicable trustee and those of any third parties employed by us or the applicable trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in book-entry form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depositary participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend an indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of an indenture), we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

Special Considerations for Indirect Holders

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, we urge you to check with that institution to find out:

how it handles securities payments and notices,

whether it imposes fees or charges,

how it would handle a request for the holders' consent, if ever required,

whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future for a particular series of debt securities,

how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests, and

if the debt securities are in book-entry form, how the depositary's rules and procedures will affect these matters.

Global Securities

As noted above, we usually will issue debt securities as registered securities in book-entry form only. A global security represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms.

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Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we

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select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under *Special Situations when a Global Security Will Be Terminated*. As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that has an account with the depository. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

Special Considerations for Global Securities

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. The depository that holds the global security will be considered the holder of the debt securities represented by the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain certificates for his or her interest in the debt securities, except in the special situations we describe below.

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under *Issuance of Securities in Registered Form* above.

An investor may not be able to sell interests in the debt securities to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form.

An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective.

The depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way.

If we redeem less than all the debt securities of a particular series being redeemed, DTC's practice is to determine by lot the amount to be redeemed from each of its participants holding that series.

An investor is required to give notice of exercise of any option to elect repayment of its debt securities, through its participant, to the applicable trustee and to deliver the related debt securities by causing its participant to transfer its interest in those debt securities, on DTC's records, to the applicable trustee.

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DTC requires that those who purchase and sell interests in a global security deposited in its book-entry system use immediately available funds. Your broker or bank may also require you to use immediately available funds when purchasing or selling interests in a global security.

Financial institutions that participate in the depositary's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments,

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notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

Special Situations when a Global Security will be Terminated

In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-book-entry form (certificated securities). After that exchange, the choice of whether to hold the certificated debt securities directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a global security transferred on termination to their own names, so that they will be holders. We have described the rights of legal holders and street name investors under *Issuance of Securities in Registered Form* above.

The prospectus supplement may list situations for terminating a global security that would apply only to the particular series of debt securities covered by the prospectus supplement. If a global security is terminated, only the depository, and not we or the applicable trustee, is responsible for deciding the names of the institutions in whose names the debt securities represented by the global security will be registered and, therefore, who will be the holders of those debt securities.

Payment and Paying Agents

We will pay interest to the person listed in the applicable trustee's records as the owner of the debt security at the close of business on a particular day in advance of each due date for interest, even if that person no longer owns the debt security on the interest due date. That day, often approximately two weeks in advance of the interest due date, is called the *record date*. Because we will pay all the interest for an interest period to the holders on the record date, holders buying and selling debt securities must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the debt securities to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period. This prorated interest amount is called *accrued interest*.

Payments on Global Securities

We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will make payments directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants.

Payments on Certificated Securities

We will make payments on a certificated debt security as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all payments of principal and premium, if any, by check at the office of the applicable trustee in New York, New York and/or at other offices that may be specified in the prospectus supplement or in a notice to holders against surrender of the debt security.

Alternatively, if the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request payment by wire, the holder must give the applicable trustee or other paying agent appropriate transfer instructions at least 15 business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

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Payment when Offices are Closed

If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the indenture as if they were made on the original due date, except as otherwise indicated in the attached prospectus supplement. Such payment will not result in a default under any debt security or the indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.

Events of Default

You will have rights if an Event of Default occurs in respect of the debt securities of your series and is not cured, as described later in this subsection.

The term **Event of Default** in respect of the debt securities of your series means any of the following (unless the prospectus supplement relating to such debt securities states otherwise):

we do not pay the principal of, or any premium on, a debt security of the series on its due date, and do not cure this default within five days;

we do not pay interest on a debt security of the series when due, and such default is not cured within 30 days;

we do not deposit any sinking fund payment in respect of debt securities of the series on its due date, and do not cure this default within five days;

we remain in breach of a covenant in respect of debt securities of the series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the trustee or holders of at least 25% of the principal amount of debt securities of the series;

we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 60 days;

on the last business day of each of 24 consecutive calendar months, we have an asset coverage of less than 100%; and

any other Event of Default in respect of debt securities of the series described in the applicable prospectus supplement occurs.

An Event of Default for a particular series of debt securities does not necessarily constitute an Event of Default for any other series of debt securities issued under the same or any other indenture. The trustee may withhold notice to the holders of debt securities of any default, except in the payment of principal, premium or interest, if it considers the withholding of notice to be in the best interests of the holders.

Remedies if an Event of Default Occurs

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If an Event of Default has occurred and has not been cured, the trustee or the holders of at least 25% in principal amount of the debt securities of the affected series may declare the entire principal amount of all the debt securities of that series to be due and immediately payable. This is called a declaration of acceleration of maturity. In certain circumstances, a declaration of acceleration of maturity may be canceled by the holders of a majority in principal amount of the debt securities of the affected series.

The trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability (called an indemnity). If reasonable

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indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions in certain circumstances. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before you are allowed to bypass your trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

the holder must give your trustee written notice that an Event of Default has occurred and remains uncured;

the holders of at least 25% in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;

the trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity; and

the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during that 60 day period.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt securities on or after the due date.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than:

the payment of principal, any premium or interest; or

in respect of a covenant that cannot be modified or amended without the consent of each holder.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Each year, we will furnish to each trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the indenture and the debt securities, or else specifying any default.

Merger or Consolidation

Under the terms of the indenture, we are generally permitted to consolidate or merge with another entity. We may also be permitted to sell all or substantially all of our assets to another entity. However, unless the prospectus supplement relating to certain debt securities states otherwise, we may not take any of these actions unless all the following conditions are met:

where we merge out of existence or sell our assets, the resulting entity must agree to be legally responsible for our obligations under the debt securities;

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immediately after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing;

under the indenture, no merger or sale of assets may be made if as a result any of our property or assets or any property or assets of one of our subsidiaries, if any, would become subject to any mortgage, lien or other encumbrance unless either (a) the mortgage, lien or other encumbrance could be created

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pursuant to the limitation on liens covenant in the indenture without equally and ratably securing the indenture securities or (b) the indenture securities are secured equally and ratably with or prior to the debt secured by the mortgage, lien or other encumbrance;

we must deliver certain certificates and documents to the trustee; and

we must satisfy any other requirements specified in the prospectus supplement relating to a particular series of debt securities.

Modification or Waiver

There are three types of changes we can make to the indenture and the debt securities issued thereunder.

Changes Requiring Approval

First, there are changes that we cannot make to debt securities without specific approval of all of the holders. The following is a list of those types of changes:

change the stated maturity of the principal of or interest on a debt security;

reduce any amounts due on a debt security;

reduce the amount of principal payable upon acceleration of the maturity of a security following a default;

adversely affect any right of repayment at the holder's option;

change the place (except as otherwise described in the prospectus or prospectus supplement) or currency of payment on a debt security;

impair your right to sue for payment;

adversely affect any right to convert or exchange a debt security in accordance with its terms;

modify the subordination provisions in the indenture in a manner that is adverse to holders of the debt securities;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with certain provisions of the indenture or to waive certain defaults;

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modify any other aspect of the provisions of the indenture dealing with supplemental indentures, modification and waiver of past defaults, changes to the quorum or voting requirements or the waiver of certain covenants; and

change any obligation we have to pay additional amounts.

Changes Not Requiring Approval

The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. We also do not need any approval to make any change that affects only debt securities to be issued under the indenture after the change takes effect.

Changes Requiring Majority Approval

Any other change to the indenture and the debt securities would require the following approval:

if the change affects only one series of debt securities, it must be approved by the holders of a majority in principal amount of that series; and

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if the change affects more than one series of debt securities issued under the same indenture, it must be approved by the holders of a majority in principal amount of all of the series affected by the change, with all affected series voting together as one class for this purpose.

The holders of a majority in principal amount of all of the series of debt securities issued under an indenture, voting together as one class for this purpose, may waive our compliance with some of our covenants in that indenture. However, we cannot obtain a waiver of a payment default or of any of the matters covered by the bullet points included above under **Changes Requiring Approval**.

Further Details Concerning Voting

When taking a vote, we will use the following rules to decide how much principal to attribute to a debt security:

for OID securities, we will use the principal amount that would be due and payable on the voting date if the maturity of these debt securities were accelerated to that date because of a default;

for debt securities whose principal amount is not known (for example, because it is based on an index), we will use a special rule for that debt security described in the prospectus supplement; and

for debt securities denominated in one or more foreign currencies, we will use the U.S. dollar equivalent.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under **Defeasance Full Defeasance**.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding indenture securities that are entitled to vote or take other action under the indenture. If we set a record date for a vote or other action to be taken by holders of one or more series, that vote or action may be taken only by persons who are holders of outstanding indenture securities of those series on the record date and must be taken within eleven months following the record date.

Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.

Defeasance

The following provisions will be applicable to each series of debt securities unless we state in the applicable prospectus supplement that the provisions of covenant defeasance and full defeasance will not be applicable to that series.

Covenant Defeasance

Under current U.S. federal tax law, we can make the deposit described below and be released from some of the restrictive covenants in the indenture under which the particular series was issued. This is called **covenant defeasance**. In that event, you would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay your debt securities. If applicable, you also would be released from the subordination provisions as described under the **Indenture Provisions Subordination** section below. In order to achieve covenant defeasance, we must do the following:

if the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates;

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we must deliver to the trustee a legal opinion of our counsel confirming that, under current U.S. federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity; and

we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers' certificate stating that all conditions precedent to covenant defeasance have been complied with.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. For example, if one of the remaining Events of Default occurred (such as our bankruptcy) and the debt securities became immediately due and payable, there might be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Full Defeasance

If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities of a particular series (called "full defeasance") if we put in place the following other arrangements for you to be repaid:

if the debt securities of the particular series are denominated in U.S. dollars, we must deposit in trust for the benefit of all holders of such debt securities a combination of money and United States government or United States government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates.

we must deliver to the trustee a legal opinion confirming that there has been a change in current U.S. federal tax law or an IRS ruling that allows us to make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current U.S. federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds were deposited in trust in exchange for your debt securities and you would recognize gain or loss on the debt securities at the time of the deposit;

we must deliver to the trustee a legal opinion of our counsel stating that the above deposit does not require registration by us under the 1940 Act, as amended, and a legal opinion and officers' certificate stating that all conditions precedent to defeasance have been complied with;

Defeasance must not result in a breach of the indenture or any other material agreements; and

Satisfy the conditions for covenant defeasance contained in any supplemental indentures.

If we ever did accomplish full defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever became bankrupt or insolvent. If applicable, you would also be released from the subordination provisions described later under "Indenture Provisions - Subordination."

Form, Exchange and Transfer of Certificated Registered Securities

Holders may exchange their certificated securities, if any, for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

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Holders may exchange or transfer their certificated securities, if any, at the office of their trustee. We have appointed the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities. We may appoint another entity to perform these functions or perform them ourselves.

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Holders will not be required to pay a service charge to transfer or exchange their certificated securities, if any, but they may be required to pay any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for your debt security, they will be named in your prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any certificated securities of a particular series are redeemable and we redeem less than all the debt securities of that series, we may block the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any certificated securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

Resignation of Trustee

Each trustee may resign or be removed with respect to one or more series of indenture securities provided that a successor trustee is appointed to act with respect to these series. In the event that two or more persons are acting as trustee with respect to different series of indenture securities under the indenture, each of the trustees will be a trustee of a trust separate and apart from the trust administered by any other trustee.

Indenture Provisions Subordination

Upon any distribution of our assets upon our dissolution, winding up, liquidation or reorganization, the payment of the principal of (and premium, if any) and interest, if any, on any indenture securities denominated as subordinated debt securities is to be subordinated to the extent provided in the indenture in right of payment to the prior payment in full of all senior indebtedness (as defined below), but our obligation to you to make payment of the principal of (and premium, if any) and interest, if any, on such subordinated debt securities will not otherwise be affected. In addition, no payment on account of principal (or premium, if any), sinking fund or interest, if any, may be made on such subordinated debt securities at any time unless full payment of all amounts due in respect of the principal (and premium, if any), sinking fund and interest on senior indebtedness has been made or duly provided for in money or money's worth.

In the event that, notwithstanding the foregoing, any payment by us is received by the trustee in respect of subordinated debt securities or by the holders of any of such subordinated debt securities before all senior indebtedness is paid in full, the payment or distribution must be paid over to the holders of the senior indebtedness or on their behalf for application to the payment of all the senior indebtedness remaining unpaid until all the senior indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the senior indebtedness. Subject to the payment in full of all senior indebtedness upon this distribution by us, the holders of such subordinated debt securities will be subrogated to the rights of the holders of the senior indebtedness to the extent of payments made to the holders of the senior indebtedness out of the distributive share of such subordinated debt securities.

By reason of this subordination, in the event of a distribution of our assets upon our insolvency, certain of our senior creditors may recover more, ratably, than holders of any subordinated debt securities. The indenture provides that these subordination provisions will not apply to money and securities held in trust under the defeasance provisions of the indenture.

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Senior indebtedness is defined in the indenture as the principal of (and premium, if any) and unpaid interest on:

our indebtedness (including indebtedness of others guaranteed by us), whenever created, incurred, assumed or guaranteed, for money borrowed (other than indenture securities issued under the indenture and denominated as subordinated debt securities), unless in the instrument creating or evidencing the same or under which the same is outstanding it is provided that this indebtedness is not senior or prior in right of payment to the subordinated debt securities; and

renewals, extensions, modifications and refinancings of any of this indebtedness.

If this prospectus is being delivered in connection with the offering of a series of indenture securities denominated as subordinated debt securities, the accompanying prospectus supplement to this prospectus will set forth the approximate amount of our senior indebtedness outstanding as of a recent date.

Secured Indebtedness

Certain of our indebtedness, including certain series of indenture securities, may be secured. The prospectus supplement for each series of indenture securities will describe the terms of any security interest for such series and will indicate the approximate amount of our secured indebtedness as of a recent date. In the event of a distribution of our assets upon our insolvency, the holders of unsecured indenture securities may recover less, ratably, than holders of any of our secured indebtedness.

The Trustee under the Indenture

U.S. Bank National Association will serve as the trustee under the indenture.

Certain Considerations Relating to Foreign Currencies

Debt securities denominated or payable in foreign currencies may entail significant risks. These risks include the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary market. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable prospectus supplement.

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PLAN OF DISTRIBUTION

We may offer, from time to time, in one or more offerings or series, up to \$750,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase shares of our common stock or warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, in one or more underwritten public offerings, at-the-market offerings to or through a market maker or into an existing trading market for the securities, on an exchange, or otherwise, negotiated transactions, block trades, best efforts, auctions or a combination of these methods. The holders of our common stock will indirectly bear any fees and expenses in connection with any such offerings. We may sell the securities through underwriters or dealers, directly to one or more purchasers, including existing stockholders in a rights offering, through agents or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of the securities will be named in the applicable prospectus supplement. A prospectus supplement or supplements will also describe the terms of the offering of the securities, including: the purchase price of the securities and the proceeds we will receive from the sale; any over-allotment options under which underwriters may purchase additional securities from us; any agency fees or underwriting discounts and other items constituting agents' or underwriters' compensation; any expenses we incur in connection with the sale of such securities; the public offering price; any discounts or concessions allowed or re-allowed or paid to dealers; and any securities exchange or market on which the securities may be listed. Only underwriters named in the applicable prospectus supplement will be underwriters of the securities offered by the applicable prospectus supplement.

The distribution of the securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, at negotiated prices, or at prices determined by an auction process, provided, however, that the offering price per share of our common stock, less any underwriting commissions or discounts, must equal or exceed the NAV per share of our common stock at the time of the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the majority of our voting securities or (3) under such circumstances as the SEC may permit. The price at which securities may be distributed may represent a discount from prevailing market prices. Although we are not currently authorized to issue shares of our common stock at a price below our NAV per share, we may seek stockholder approval of this proposal again at a special meeting of stockholders or our next annual meeting of stockholders. Our Board of Directors, subject to its fiduciary duties and regulatory requirements, has the discretion to determine the amount of the discount, and as a result, the discount could be up to 100% of NAV per share.

In connection with the sale of our securities, underwriters or agents may receive compensation from us or from purchasers of our securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell our securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of our securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of our securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement.

Any underwriter may engage in over-allotment, stabilizing transactions, short-covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves sales in excess of the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum price. Syndicate-covering or other short-covering transactions involve purchases of the securities, either through exercise of the over-allotment option or in the open market after the distribution is completed, to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are purchased in a stabilizing or covering transaction to cover short positions. Those activities may cause the price of

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the securities to be higher than it would otherwise be. If commenced, the underwriters may discontinue any of the activities at any time.

Any underwriters that are qualified market makers on the NYSE may engage in passive market making transactions in our common stock on the NYSE in accordance with Regulation M under the Exchange Act, during the business day prior to the pricing of the offering, before the commencement of offers or sales of our common stock. Passive market makers must comply with applicable volume and price limitations and must be identified as passive market makers. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for such security; if all independent bids are lowered below the passive market maker's bid, however, the passive market maker's bid must then be lowered when certain purchase limits are exceeded. Passive market making may stabilize the market price of the securities at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

We may sell securities directly or through agents we designate from time to time. We will name any agent involved in the offering and sale of securities and we will describe any commissions we will pay the agent in the applicable prospectus supplement. Unless the applicable prospectus supplement states otherwise, our agent will act on a best-efforts basis for the period of its appointment.

Unless otherwise specified in the applicable prospectus supplement, each class or series of securities will be a new issue with no trading market, other than our common stock, which is traded on the NYSE. We may elect to list any other class or series of securities on any exchanges, but we are not obligated to do so. We cannot guarantee the liquidity of the trading markets for any securities.

Under agreements that we may enter, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act, or contribution with respect to payments that the agents or underwriters may make with respect to these liabilities. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the applicable prospectus supplement, and the applicable prospectus supplement will set forth the commission payable for solicitation of such contracts.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

In compliance with the guidelines of the Financial Industry Regulatory Authority, the maximum compensation to the underwriters or dealers in connection with the sale of our securities pursuant to this

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prospectus and the applicable prospectus supplement may not exceed 8% of the aggregate offering price of the securities as set forth on the cover page of the applicable prospectus supplement.

In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers.

BROKERAGE ALLOCATION AND OTHER PRACTICES

Because we generally acquire and dispose of our investments in privately negotiated transactions, we typically do not use brokers in the normal course of business. However, from time to time, we may work with brokers to sell positions we have acquired in the securities of publicly listed companies or to acquire positions (principally equity) in companies where we see a market opportunity to acquire such securities at attractive valuations. In cases where we do use a broker, we do not execute transactions through any particular broker or dealer, but will seek to obtain the best net results for the Company, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we generally seek reasonably competitive execution costs, we may not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR

Securities we hold in connection with our investments are held under a custody agreement with Union Bank of California. The address of the custodian is 475 Sansome Street, 15th Floor, San Francisco, California 94111. We have also entered into a custody agreement with U.S. Bank National Association, which is located at One Federal Street, Third Floor, Boston, Massachusetts 02110. The transfer agent and registrar for our common stock, American Stock Transfer & Trust Company, will act as our transfer agent, dividend paying and reinvestment agent and registrar. The principal business address of the transfer agent is 6201 15th Avenue, Brooklyn, New York 11219.

LEGAL MATTERS

Certain legal matters regarding the securities offered by this prospectus will be passed upon for us by Dechert LLP, New York, NY. Certain legal matters will be passed upon for underwriters, if any, by the counsel named in the prospectus supplement.

EXPERTS

The consolidated financial statements as of December 31, 2017 and December 31, 2016 and for each of the three years in the period ended December 31, 2017 and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) as of December 31, 2017 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to our securities offered by this prospectus. The registration statement contains additional information about us and our securities being offered by this prospectus.

We file annual, quarterly and current periodic reports, proxy statements and other information with the SEC under the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement of which this prospectus forms a part and the related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549-0102. You may obtain information on the operation of the Public Reference Room by calling the SEC at 202-551-8090. The SEC maintains an Internet website that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's Internet website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, D.C. 20549-0102.

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Table of Contents**Index to Financial Statements****HERCULES CAPITAL, INC.****CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES****(unaudited)****(dollars in thousands, except per share data)**

	March 31, 2018	December 31, 2017
Assets		
Investments:		
Non-control/Non-affiliate investments (cost of \$1,427,863 and \$1,506,454, respectively)	\$ 1,398,640	\$ 1,491,458
Control investments (cost of \$60,992 and \$25,419, respectively)	54,413	19,461
Affiliate investments (cost of \$87,423 and \$87,956, respectively)	30,525	31,295
Total investments in securities, at value (cost of \$1,576,278 and \$1,619,829, respectively)	1,483,578	1,542,214
Cash and cash equivalents	118,228	91,309
Restricted cash	3,632	3,686
Interest receivable	11,087	12,262
Other assets	3,187	5,244
Total assets	\$ 1,619,712	\$ 1,654,715
Liabilities		
Accounts payable and accrued liabilities	\$ 18,789	\$ 26,896
SBA Debentures, net (principal of \$190,200 and \$190,200, respectively) ⁽¹⁾	188,299	188,141
2022 Notes, net (principal of \$150,000 and \$150,000, respectively) ⁽¹⁾	147,698	147,572
2024 Notes, net (principal of \$183,510 and \$183,510, respectively) ⁽¹⁾	179,161	179,001
2021 Asset-Backed Notes, net (principal of \$33,575 and \$49,153, respectively) ⁽¹⁾	33,156	48,650
2022 Convertible Notes, net (principal of \$230,000 and \$230,000, respectively) ⁽¹⁾	223,878	223,488
Total liabilities	\$ 790,981	\$ 813,748
Net assets consist of:		
Common stock, par value	85	85
Capital in excess of par value	916,738	908,501
Unrealized depreciation on investments ⁽²⁾	(94,957)	(79,760)

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Accumulated undistributed realized gains (losses) on investments	(25,294)	(20,374)
Undistributed net investment income	32,159	32,515
Total net assets	\$ 828,731	\$ 840,967
Total liabilities and net assets	\$ 1,619,712	\$ 1,654,715
Shares of common stock outstanding (\$0.001 par value, 200,000,000 authorized)	85,239	84,424
Net asset value per share	\$ 9.72	\$ 9.96

- (1) The Company's SBA Debentures, 2022 Notes, 2024 Notes, 2021 Asset-Backed Notes and 2022 Convertible Notes, as each term is defined herein, are presented net of the associated debt issuance costs for each instrument. See Note 4 Borrowings .
- (2) Amounts include \$2.3 million and \$2.1 million in net unrealized depreciation on other assets and accrued liabilities, including escrow receivables, and estimated taxes payable as of March 31, 2018 and December 31, 2017, respectively.

See notes to consolidated financial statements.

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The following table presents the assets and liabilities of our consolidated securitization trust for the 2021 Asset-Backed Notes (see Note 4), which is a variable interest entity (VIE). The assets of our securitization VIE can only be used to settle obligations of our consolidated securitization VIE, these liabilities are only the obligations of our consolidated securitization VIE, and the creditors (or beneficial interest holders) do not have recourse to our general credit. These assets and liabilities are included in the Consolidated Statement of Assets and Liabilities above.

(Dollars in thousands)	March 31, 2018	December 31, 2017
Assets		
Restricted Cash	\$ 3,632	\$ 3,686
Total investments in securities, at value (cost of \$117,441 and \$146,208, respectively)	112,826	144,513
Total assets	\$ 116,458	\$ 148,199
Liabilities		
2021 Asset-Backed Notes, net (principal of \$33,575 and \$49,153, respectively) ⁽¹⁾	\$ 33,156	\$ 48,650
Total liabilities	\$ 33,156	\$ 48,650

(1) The Company's 2021 Asset-Backed Notes are presented net of the associated debt issuance costs. See Note 4 Borrowings .

See notes to consolidated financial statements.

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	Three Months Ended March 31,	
	2018	2017
Investment income:		
Interest income		
Non-control/Non-affiliate investments	\$ 41,834	\$ 42,345
Control investments	586	514
Affiliate investments	561	2
Total interest income	42,981	42,861
Fee income		
Commitment, facility and loan fee income:		
Non-control/Non-affiliate investments	2,440	2,934
Control investments		5
Affiliate investments	108	
Total commitment, facility and loan fee income	2,548	2,939
One-time fee income:		
Non-control/Non-affiliate investments	3,171	565
Total one-time fee income	3,171	565
Total fee income	5,719	3,504
Total investment income	48,700	46,365
Operating expenses:		
Interest	9,386	9,607
Loan fees	1,175	2,838
General and administrative	4,009	4,064
Employee compensation:		
Compensation and benefits	5,758	5,345
Stock-based compensation	2,309	1,833
Total employee compensation	8,067	7,178

Total operating expenses	22,637	23,687
Net investment income	26,063	22,678
Net realized gain (loss) on investments		
Non-control/Non-affiliate investments	(3,512)	3,288
Control investments	(1,408)	(51)
Total net realized gain (loss) on investments	(4,920)	3,237
Net change in unrealized appreciation (depreciation) on investments		
Non-control/Non-affiliate investments	(14,340)	(32,155)
Control investments	(620)	213
Affiliate investments	(237)	439
Total net unrealized appreciation (depreciation) on investments	(15,197)	(31,503)
Total net realized and unrealized gain (loss)	(20,117)	(28,266)
Net increase (decrease) in net assets resulting from operations	\$ 5,946	\$ (5,588)
Net investment income before investment gains and losses per common share:		
Basic	\$ 0.31	\$ 0.28
Change in net assets resulting from operations per common share:		
Basic	\$ 0.07	\$ (0.07)
Diluted	\$ 0.07	\$ (0.07)
Weighted average shares outstanding		
Basic	84,596	81,420
Diluted	84,666	81,420
Distributions declared per common share:		
Basic	\$ 0.31	\$ 0.31

See notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements**HERCULES CAPITAL, INC.****CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS****(unaudited)****(dollars and shares in thousands)**

	Common Stock		Capital in excess of par value	Unrealized Appreciation (Depreciation) on Investments	Accumulated Undistributed		Undistributed Net Investment Income	Net Assets
	Shares	Par Value			Realized Gains (Losses) on Investments			
Balance at December 31, 2016	79,555	\$ 80	\$ 839,657	\$ (89,025)	\$ 14,314	\$ 22,918	\$ 787,944	
Net increase (decrease) in net assets resulting from operations				(31,503)	3,237	22,678	(5,588)	
Public offering, net of offering expenses	3,309	3	46,945				46,948	
Issuance of common stock due to stock option exercises	24		181				181	
Retired shares from net issuance	(16)		(140)				(140)	
Issuance of common stock under restricted stock plan	4							
Retired shares for restricted stock vesting	(101)		(1,433)				(1,433)	
Distributions reinvested in common stock	26		388				388	
Issuance of Convertible Notes			3,413				3,413	
Distributions						(25,667)	(25,667)	
Stock-based compensation ⁽¹⁾			1,850				1,850	
Balance at March 31, 2017	82,801	\$ 83	\$ 890,861	\$ (120,528)	\$ 17,551	\$ 19,929	\$ 807,896	

Balance at December 31, 2017	84,424	\$ 85	\$ 908,501	\$ (79,760)	\$ (20,374)	\$ 32,515	\$ 840,967
Net increase (decrease) in net assets resulting from operations				(15,197)	(4,920)	26,063	5,946
Public offering, net of offering expenses	478		5,952				5,952
Issuance of common stock due to stock option exercises	38		432				432
Retired shares from net issuance	(36)		(446)				(446)
Issuance of common stock under restricted stock plan	336						
Retired shares for restricted stock vesting	(36)		(446)				(446)
Distributions reinvested in common stock	35		426				426
Distributions						(26,419)	(26,419)
Stock-based compensation ⁽¹⁾			2,319				2,319
Balance at March 31, 2018	85,239	\$ 85	\$ 916,738	\$ (94,957)	\$ (25,294)	\$ 32,159	\$ 828,731

(1) Stock-based compensation includes \$10 and \$17 of restricted stock and option expense related to director compensation for the three months ended March 31, 2018 and 2017, respectively.

See notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements**HERCULES CAPITAL, INC.****CONSOLIDATED STATEMENT OF CASH FLOWS****(unaudited)****(dollars in thousands)**

	For the Three Months Ended March 31,	
	2018	2017
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	\$ 5,946	\$ (5,588)
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchase of investments	(236,285)	(153,665)
Principal and fee payments received on investments	280,181	141,798
Proceeds from the sale of investments	1,582	11,995
Net unrealized depreciation (appreciation) on investments	15,197	31,503
Net realized loss (gain) on investments	4,920	(3,237)
Accretion of paid-in-kind principal	(2,507)	(2,199)
Accretion of loan discounts	(763)	(1,924)
Accretion of loan discount on Convertible Notes	168	112
Accretion of loan exit fees	(4,407)	(6,574)
Change in deferred loan origination revenue	631	284
Unearned fees related to unfunded commitments	321	976
Amortization of debt fees and issuance costs	840	2,508
Depreciation	46	52
Stock-based compensation and amortization of restricted stock grants ⁽¹⁾	2,319	1,850
Change in operating assets and liabilities:		
Interest and fees receivable	1,175	130
Prepaid expenses and other assets	1,870	(1,061)
Accounts payable	(194)	1
Accrued liabilities	(8,025)	(5,255)
Net cash provided by (used in) operating activities	63,015	11,706
Cash flows from investing activities:		
Purchases of capital equipment	(72)	(39)
Net cash provided by (used in) investing activities	(72)	(39)
Cash flows from financing activities:		
Issuance of common stock, net	5,952	46,948
Retirement of employee shares	(460)	(1,392)
Distributions paid	(25,993)	(25,279)

Issuance of 2022 Convertible Notes		230,000
Issuance of 2024 Notes		5,637
Repayments of 2019 Notes		(110,365)
Repayments of 2021 Asset-Backed Notes	(15,577)	(7,794)
Borrowings of credit facilities		8,497
Repayments of credit facilities		(13,513)
Cash paid for debt issuance costs		(4,456)
Fees paid for credit facilities and debentures		(252)
Net cash provided by (used in) financing activities	(36,078)	128,031
Net increase (decrease) in cash, cash equivalents and restricted cash	26,865	139,698
Cash, cash equivalents and restricted cash at beginning of period	94,995	21,366
Cash, cash equivalents and restricted cash at end of period	\$ 121,860	\$ 161,064
Supplemental non-cash investing and financing activities:		
Distributions reinvested	426	388

(1) Stock-based compensation includes \$10 and \$17 of restricted stock and option expense related to director compensation for the three months ended March 31, 2018 and 2017, respectively.

See notes to consolidated financial statements.

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The following table presents a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Statement of Assets and Liabilities that sum to the total of the same such amounts in the Consolidated Statement of Cash Flows:

(Dollars in thousands)	For the Three Months Ended March 31,	
	2018	2017
Cash and cash equivalents	\$ 118,228	\$ 148,140
Restricted cash	3,632	12,924
Total cash, cash equivalents and restricted cash presented in the Consolidated Statements of Cash Flows	\$ 121,860	\$ 161,064

See Note 2 Summary of Significant Accounting Policies and Note 11 Recent Accounting Pronouncements for a description of restricted cash and cash equivalents.

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

io Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	V
Investments							
Technology Tools							
1-5 Years Maturity							
, Inc. ⁽¹²⁾	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, 3.85% Exit Fee	\$ 4,999	\$ 5,135	\$
Total: 1-5 Years Maturity						5,135	
Total: Biotechnology Tools (0.62%)*						5,135	
Communications & Networking							
Under 1 Year Maturity							
ak, Inc. ⁽⁸⁾	Communications & Networking	Senior Secured	April 2018	Interest rate PRIME + 8.75% or Floor rate of 12.00%	\$ 11,464	8,228	
Total: Under 1 Year Maturity						8,228	
Total: Communications & Networking (0.00%)*						8,228	
Consumer & Business Products							
Under 1 Year Maturity							
Guard a79) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%	\$ 1,000	1,000	

Total: Under 1 Year Maturity							1,000
1-5 Years Maturity							
Guard	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45%			
(a79)(15)				or Floor rate of 10.95%, 2.95% Exit Fee	\$ 18,043		18,245
Total: 1-5 Years Maturity							18,245
Total: Consumer & Business Products (2.31%)*							19,245
Unaffiliated							
Financial Services							
1-5 Years Maturity							
Star Business LLC(7)	Diversified Financial Services	Unsecured	March 2023	Interest rate FIXED 14.50%	\$ 10,000		9,802
Total: 1-5 Years Maturity							9,802
Total: Diversified Financial Services (1.18%)*							9,802
Drug Delivery							
Under 1 Year Maturity							
therapeutics,	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, 3.70% Exit Fee	\$ 9,272		9,746
ix Inc.(9)(11)	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25%			
				or Floor rate of 9.50%, 3.50% Exit Fee	\$ 2,540		2,764
o, Inc	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70%			
Zosano				or Floor rate of 7.95%, 2.87% Exit Fee	\$ 4,789		5,108
(11)							
Total: Under 1 Year Maturity							17,618
1-5 Years Maturity							
	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05%			
ceuticals,				or Floor rate of 9.55%, 11.69% Exit Fee	\$ 16,791		17,275
(11)(15)							
Pharma	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50%			
(15)				or Floor rate of 9.25%, 4.25% Exit Fee	\$ 25,000		25,079

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value
Therapeutics, (12)	Drug Delivery	Senior Secured	August 2020	Interest rate PRIME + 4.65% or Floor rate of 9.15%, 4.95% Exit Fee	\$ 20,000	\$ 20,401	\$ 20,000
Total: 1-5 Years Maturity						62,755	62,755
Total: Drug Delivery (9.65%)*						80,373	79,373
Drug Discovery & Development							
Under 1 Year Maturity							
Rx Corporation ⁽¹¹⁾⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	August 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee	\$ 8,946	10,393	10,393
us Pharmaceuticals, (8)	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	\$ 2,277	2,561	2,561
ocea ciences, Inc. ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25% or Floor rate of 7.25%, 4.95% Exit Fee	\$ 13,316	14,005	14,005
Total: Under 1 Year Maturity						26,959	24,959
1-5 Years Maturity							
s Medical ing, AG ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	\$ 8,836	9,199	9,199
o Pharmaceuticals, (10)(13)	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 5.40% Exit Fee	\$ 10,000	9,936	9,936
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70% or Floor rate of 9.45%, 3.00% Exit Fee	\$ 10,000	9,990	9,990

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Alveo Pharmaceuticals, Inc.					\$ 20,000	19,926	19,
Avant Sciences (5)(10)	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80% or Floor rate of 10.55%	\$ 55,000	53,783	53,
Cell Biotech, (12)	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70% or Floor rate of 9.20%, 7.49% Exit Fee	\$ 5,834	6,178	6,
Genocentryx, (10)(15)(17)	Drug Discovery & Development	Senior Secured	December 2021	Interest rate PRIME + 3.30% or Floor rate of 8.05%, 6.25% Exit Fee	\$ 5,000	4,973	4,
Imblast ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 6.95% Exit Fee	\$ 35,000	34,682	34,
Imachen Pharmaceuticals (12)(14)	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25% or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	\$ 25,648	25,923	25,
ImBioSciences (15)	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50% or Floor rate of 10.00%, 2.15% Exit Fee	\$ 15,000	14,711	14,
Imvant Sciences, (5)(10)(13)	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 6.55% Exit Fee	\$ 40,000	39,445	39,
Imtek Pharmaceuticals, (p.k.a. Transcept Pharmaceuticals, (15)	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	\$ 40,000	40,347	39,
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 4.50% Exit Fee	\$ 10,000	10,094	9,

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value	
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	\$ 10,000	\$ 9,996	\$ 9,996	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					\$ 60,000	60,437	59,996	
Alkermes, Inc. ⁽⁵⁾⁽¹⁰⁾⁽¹²⁾	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	\$ 20,000	19,910	19,910	
Alkermes, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	March 2022	Interest rate PRIME + 3.35% or Floor rate of 8.35%, 11.14% Exit Fee	\$ 25,000	24,607	24,607	
Alkermes, Inc. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	May 2020	Interest rate PRIME + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	\$ 20,000	20,668	20,668	
Alkermes, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,980	4,980	
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	5,016	4,980	
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,978	4,978	
Verastem, Inc.					\$ 15,000	14,974	14,974	
Total: 1-5 Years Maturity							349,416	349,416
Total: Drug Discovery & Development (44.93%)*							376,375	376,375

Electronics & Computer
Software

Years Maturity

DEVICES (15)	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, 4.25% Exit Fee	\$ 10,000	10,061	9
B(5)(10)(14)	Electronics & Computer Hardware	Senior Secured	February 2021	Interest rate PRIME + 6.20% or Floor rate of 10.45%, PIK Interest 1.75%, 2.95% Exit Fee	\$ 12,030	11,933	11
Total: 1-5 Years Maturity						21,994	21
Total: Electronics & Computer Hardware (2.63%)*						21,994	21

Healthcare Services, Other**Years Maturity**

Medisphere Systems Corporation ⁽¹⁴⁾⁽¹⁵⁾	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	\$ 17,685	17,536	17	
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75% or Floor rate of 9.00%, PIK Interest 1.75%	\$ 5,031	4,990	4	
Medisphere Systems Corporation						\$ 22,716	22,526	22
Street 1 ⁽¹²⁾⁽¹⁷⁾	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00% or Floor rate of 9.75%, 5.95% Exit Fee	\$ 20,000	20,083	19	
Group ings ⁽¹³⁾	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	\$ 20,000	19,896	19	

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value
	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45% or Floor rate of 10.95%	\$ 10,000	\$ 9,934	\$ 9,750
atal PH Group Holdings					\$ 30,000	29,830	29,450
Subtotal: 1-5 Years Maturity						72,439	71,850
Subtotal: Healthcare Services, Other (8.67%)*						72,439	71,850
Information Services							
Subtotal: 1-5 Years Maturity							
DX Medical, (14)(15)(19)	Information Services	Senior Secured	December 2020	Interest rate PRIME + 4.00% or Floor rate of 8.25%, PIK Interest 1.70%	\$ 15,100	14,702	14,450
abase Solutions, (13)(14)	Information Services	Senior Secured	August 2020	Interest rate PRIME + 6.00% or Floor rate of 10.00%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 9,096	8,855	8,850
Subtotal: 1-5 Years Maturity						23,557	23,250
Subtotal: Information Services (2.80%)*						23,557	23,250
Internet Consumer & Business Services							
Subtotal: Under 1 Year Maturity							
e Faction Group	Internet Consumer &	Senior Secured	January 2019	Interest rate PRIME + 4.75%	\$ 2,000	2,000	2,000

	Business Services			or Floor rate of 8.25%					
Subtotal: Under 1 Year Maturity								2,000	2,000
5 Years Maturity									
mpDirect, Inc. ⁽¹⁹⁾	Internet Consumer & Business Services	Senior Secured	January 2022	Interest rate PRIME + 5.70%					
				or Floor rate of 9.95%, 3.45% Exit Fee	\$ 10,000	9,918	9,918	9,918	
la Systems, Inc. ⁽¹¹⁾⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 3.20%					
				or Floor rate of 6.95%,					
				PIK Interest 1.95%, 1.75% Exit Fee	\$ 2,113	2,124	2,124	2,124	
	Internet Consumer & Business Services	Senior Secured	June 2019	Interest rate PRIME + 5.20%					
				or Floor rate of 8.95%,					
				PIK Interest 1.95%, 1.75% Exit Fee	\$ 18,924	19,019	19,019	11,100	
atal Aria Systems, Inc.					\$ 21,037	21,143	21,143	12,300	
com, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	April 2021	Interest rate PRIME + 5.40%					
				or Floor rate of 10.15%,					
				PIK Interest 1.70%, 1.50% Exit Fee	\$ 10,000	9,812	9,812	9,812	
eenphire Inc. ⁽¹⁷⁾	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 8.00%					
				or Floor rate of 9.00%	\$ 3,658	3,658	3,658	3,658	
	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate PRIME + 3.75%					
				or Floor rate of 7.00%	\$ 1,500	1,500	1,500	1,500	
atal Greenphire Inc.					\$ 5,158	5,158	5,158	5,158	
ent Media, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.25%					
				or Floor rate of 8.75%,					
				PIK Interest 1.00%, 2.00% Exit Fee	\$ 5,063	5,053	5,053	5,053	
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50%					
				or Floor rate of 9.00%,					
				PIK Interest 2.35%, 2.00% Exit Fee	\$ 2,032	2,014	2,014	2,014	

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value
	Internet Consumer & Business Services	Senior Secured	May 2019	Interest rate PRIME + 5.50% or Floor rate of 9.00%, PIK Interest 2.50%, 2.00% Exit Fee	\$ 2,034	\$ 2,016	\$
ent Media, Inc.					\$ 9,129	9,083	
ions tion ⁽¹⁹⁾	Internet Consumer & Business Services	Senior Secured	March 2021	Interest rate 3-month LIBOR + 8.60% or Floor rate of 9.85%, 1.75% Exit Fee	\$ 25,000	25,032	
ource ⁽¹⁵⁾	Internet Consumer & Business Services	Senior Secured	October 2019	Interest rate PRIME + 6.25% or Floor rate of 9.75%, 5.00% Exit Fee	\$ 5,645	5,935	
b.com, ⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	July 2020	Interest rate PRIME + 5.15% or Floor rate of 9.15%, PIK Interest 1.95%, 2.55% Exit Fee	\$ 41,223	41,010	
tion ⁽⁷⁾⁽⁸⁾⁽⁹⁾⁽¹⁴⁾	Internet Consumer & Business Services	Senior Secured	June 2021	Interest rate FIXED 6.00%, PIK Interest 3.00%	\$ 20,450	20,450	
	Internet Consumer & Business Services	Senior Secured	June 2021	PIK Interest 8.00%	\$ 10,680	240	
ectura Corporation					\$ 31,130	20,690	
tion Group	Internet Consumer & Business Services	Senior Secured	January 2021	Interest rate 3-month LIBOR + 9.25% or Floor rate of 10.25%	\$ 8,000	8,000	
		Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.55%	\$ 22,406	22,191	

Up Partners	Internet Consumer & Business Services			or Floor rate of 9.55%		
Total: 1-5 Years Maturity						177,972
Total: Internet Consumer & Business Services (20.24%)*						179,972
Media/Content/Info						
1-5 Years Maturity						
(4)(15)	Media/Content/Info	Senior Secured	June 2021	Interest rate PRIME + 4.10%	\$ 15,089	15,032
				or Floor rate of 8.35%, PIK Interest 1.95%, 1.95% Exit Fee		
l, Inc.(9)(12)(14)	Media/Content/Info	Senior Secured	November 2019	Interest rate PRIME + 7.25%		
				or Floor rate of 10.75%, 10.41% Exit Fee	\$ 19,354	20,072
	Media/Content/Info	Convertible Debt	September 2020	PIK Interest 25.00%	\$ 1,000	1,000
anDuel, Inc.					\$ 20,354	21,072
Total: 1-5 Years Maturity						36,104
Total: Media/Content/Info (4.34%)*						36,104
Medical Devices & Equipment						
1 Year Maturity						
Bariatrics,	Medical Devices & Equipment	Senior Secured	October 2018	Interest rate PRIME + 4.00%		
				or Floor rate of 9.25%, 6.85% Exit Fee	\$ 1,793	2,148

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Quanterix Corporation ⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	March 2019	Interest rate PRIME + 2.75% or Floor rate of 8.00%, 4.00% Exit Fee	\$ 8,591	\$ 8,569	\$ 8,569
Subtotal: Under 1 Year Maturity						10,717	9,408
1-5 Years Maturity							
Intuity Medical, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	June 2021	Interest rate PRIME + 5.00% or Floor rate of 9.25%, 4.95% Exit Fee	\$ 17,500	17,132	17,132
Micell Technologies, Inc. ⁽¹²⁾	Medical Devices & Equipment	Senior Secured	August 2019	Interest rate PRIME + 7.25% or Floor rate of 10.50%, 5.00% Exit Fee	\$ 4,715	5,030	4,981
Quanta Fluid Solutions ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Medical Devices & Equipment	Senior Secured	April 2020	Interest rate PRIME + 8.05% or Floor rate of 11.55%, 5.00% Exit Fee	\$ 8,848	9,220	9,150
Sebacia, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	July 2020	Interest rate PRIME + 4.35% or Floor rate of 8.85%, 6.05% Exit Fee	\$ 8,000	7,988	7,979
Tela Bio, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Senior Secured	December 2020	Interest rate PRIME + 4.95% or Floor rate of 9.45%, 3.15% Exit Fee	\$ 5,000	5,004	4,989
Subtotal: 1-5 Years Maturity						44,374	44,231
Subtotal: Medical Devices & Equipment (6.47%)*						55,091	53,639

Software							
Under 1 Year Maturity							
Clickfox, Inc. ⁽¹³⁾	Software	Senior Secured	May 2018	Interest rate PRIME + 8.00%	\$ 2,592	4,012	4,012
				or Floor rate of 11.50%, 12.01% Exit Fee			
Digital Train Limited ⁽¹⁵⁾	Software	Unsecured	July 2018	Interest rate 12-month LIBOR + 2.50%	\$ 5,671	5,671	4,073
Subtotal: Under 1 Year Maturity						9,683	8,085
1-5 Years Maturity							
Banker s Toolbox, Inc. ⁽⁸⁾	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.94%			
				or Floor rate of 8.94%	\$ 16,500	16,139	16,139
Clarabridge, Inc. ⁽¹²⁾⁽¹⁴⁾	Software	Senior Secured	April 2021	Interest rate PRIME + 4.80%			
				or Floor rate of 8.55%, PIK Interest 3.25%	\$ 41,226	41,205	41,164
Emma, Inc.	Software	Senior Secured	September 2022	Interest rate daily LIBOR + 7.75%			
				or Floor rate of 8.75%	\$ 50,000	48,629	47,785
Evernote Corporation ⁽¹⁴⁾⁽¹⁵⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	October 2020	Interest rate PRIME + 5.45%			
				or Floor rate of 8.95%	\$ 6,000	5,976	6,065
	Software	Senior Secured	July 2021	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%, PIK Interest 1.25%	\$ 4,035	4,013	3,988
Total Evernote Corporation					\$ 10,035	9,989	10,053
Fuze, Inc. ⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾⁽¹⁹⁾	Software	Senior Secured	July 2021	Interest rate PRIME + 3.70%			
				or Floor rate of 7.95%, PIK Interest 1.55%, 3.55% Exit Fee	\$ 50,528	50,776	50,413
Impact Radius Holdings, Inc. ⁽¹⁴⁾⁽¹⁷⁾	Software	Senior Secured	December 2020	Interest rate PRIME + 4.25%			
				or Floor rate of 8.75%, PIK Interest 1.55%, 1.75% Exit Fee	\$ 10,073	10,091	9,945

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Table of ContentsIndex to Financial Statements**HERCULES CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****March 31, 2018****(unaudited)****(dollars in thousands)**

Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Maturity Date	Interest Rate and Floor⁽²⁾	Principal Amount	Cost⁽³⁾	Value⁽⁴⁾
Insurance Technologies Corp. ⁽¹⁷⁾	Software	Senior Secured	March 2023	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%	\$ 12,500	\$ 12,250	\$ 12,250
Lightbend, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August 2021	Interest rate PRIME + 4.25% or Floor rate of 8.50%, PIK Interest 2.00%	\$ 11,009	10,806	10,806
Lithium Technologies, Inc. ⁽¹⁷⁾	Software	Senior Secured	October 2022	Interest rate 1-month LIBOR + 8.00% or Floor rate of 9.00%	\$ 12,000	11,751	11,751
Microsystems Holding Company, LLC ⁽¹⁹⁾	Software	Senior Secured	July 2022	Interest rate 3-month LIBOR + 8.25% or Floor rate of 9.25%	\$ 12,000	11,829	11,829
OneLogin, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	August 2019	Interest rate PRIME + 6.45% or Floor rate of 9.95%, PIK Interest 3.25%	\$ 16,012	15,953	16,113
PerfectServe, Inc.	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	\$ 16,000	16,057	16,057
	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.00% or Floor rate of 10.00%, 2.50% Exit Fee	\$ 4,000	4,013	4,013

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Total PerfectServe, Inc.					\$ 20,000	20,070	20,070
Pollen, Inc. ⁽¹⁵⁾	Software	Senior Secured	April 2019	Interest rate PRIME + 4.25%			
				or Floor rate of 8.50%, 4.00% Exit Fee	\$ 7,000	7,023	7,000
Poplicus, Inc. ⁽⁸⁾⁽¹⁴⁾	Software	Senior Secured	May 2022	Interest rate FIXED 6.00%, PIK Interest 3.00%	\$ 1,250	1,250	
Quid, Inc. ⁽¹⁴⁾⁽¹⁵⁾	Software	Senior Secured	October 2019	Interest rate PRIME + 4.75%			
				or Floor rate of 8.25%, PIK Interest 2.25%, 3.00% Exit Fee	\$ 8,350	8,480	8,494
RapidMiner, Inc. ⁽¹⁴⁾	Software	Senior Secured	December 2020	Interest rate PRIME + 5.50%			
				or Floor rate of 9.75%, PIK Interest 1.65%	\$ 7,030	7,004	7,004
Regent Education ⁽¹⁴⁾	Software	Senior Secured	January 2021	Interest rate FIXED 10.00%, PIK Interest 2.00%, 6.35% Exit Fee	\$ 3,302	3,316	3,316
Signpost, Inc. ⁽¹⁴⁾	Software	Senior Secured	February 2020	Interest rate PRIME + 4.15%			
				or Floor rate of 8.15%, PIK Interest 1.75%, 3.75% Exit Fee	\$ 15,578	15,742	15,612
Vela Trading Technologies ⁽¹⁸⁾	Software	Senior Secured	July 2022	Interest rate daily LIBOR + 9.50%			
				or Floor rate of 10.50%	\$ 20,000	19,518	19,143
Wrike, Inc. ⁽¹⁴⁾⁽¹⁷⁾⁽¹⁹⁾	Software	Senior Secured	February 2021	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%, PIK Interest 2.00%, 3.00% Exit Fee	\$ 10,215	10,062	10,043
ZocDoc ⁽¹⁹⁾	Software	Senior Secured	April 2021	Interest rate 3-month LIBOR + 9.50%			
				or Floor rate of 10.50%, 1.00% Exit Fee	\$ 20,000	20,026	20,026

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Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value
	Software	Senior Secured	November 2021	Interest rate 3-month LIBOR + 9.50% or Floor rate of 10.50%, 1.00% Exit Fee	\$ 10,000	\$ 10,012	\$ 10,012
ZocDoc					\$ 30,000	30,038	30,038
Total: 1-5 Years Maturity						361,921	361,921
Total: Software (44.29%)*						371,604	371,604
Medical Devices							
1-5 Years Maturity							
Medics, Inc. ⁽¹³⁾	Surgical Devices	Senior Secured	February 2020	Interest rate PRIME + 5.30% or Floor rate of 9.55%, 6.70% Exit Fee	\$ 7,608	7,927	7,927
Total: 1-5 Years Maturity						7,927	7,927
Total: Surgical Devices (0.95%)*						7,927	7,927
Sustainable and Renewable Technology							
1 Year Maturity							
Global Technologies, Inc.	Sustainable and Renewable Technology	Senior Secured	October 2018	Interest rate 3-month LIBOR + 7.75% or Floor rate of 8.75%, 3.23% Exit Fee	\$ 2,707	2,739	2,739
Technology,	Sustainable and Renewable Technology	Senior Secured	January 2019	Interest rate PRIME + 6.20% or Floor rate of 9.45%, 4.00% Exit Fee	\$ 3,318	3,583	3,583

Total: Under 1 Year Maturity							6,322	
Years Maturity								
Point Inc. ⁽¹⁹⁾	Sustainable and Renewable Technology	Senior Secured	August 2020	Interest rate 3-month LIBOR + 8.75%				
				or Floor rate of 9.75%, 2.00% Exit Fee	\$ 17,576	17,630	1	
ll Energy,	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40%				
				or Floor rate of 9.90%, 6.68% Exit Fee	\$ 13,091	12,827	1	
	Sustainable and Renewable Technology	Senior Secured	April 2020	Interest rate PRIME + 5.40%				
				or Floor rate of 9.90%, 8.50% Exit Fee	\$ 11,909	13,452	1	
FuelCell Energy, Inc.					\$ 25,000	26,279	2	
pectrum gs LLC	Sustainable and Renewable Technology	Senior Secured	August 2019	Interest rate PRIME + 8.70%				
ungevity,				or Floor rate of 12.95%, 4.50% Exit Fee	\$ 12,000	11,770	1	
sis d ⁽⁵⁾⁽¹⁰⁾	Sustainable and Renewable Technology	Senior Secured	March 2021	Interest rate PRIME + 5.00%				
				or Floor rate of 9.25%, 6.95% Exit Fee	\$ 7,500	7,418		
a, (14)(17)	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70%				
				or Floor rate of 7.95%, PIK Interest 1.75%, 5.95% Exit Fee	\$ 25,146	26,185	2	
	Sustainable and Renewable Technology	Senior Secured	November 2020	Interest rate PRIME + 3.70%				
				or Floor rate of 7.95%, PIK Interest 1.75%, 7.00% Exit Fee	\$ 5,029	5,224		
Proterra, Inc.					\$ 30,175	31,409	3	
Total: 1-5 Years Maturity							94,506	9
Total: Sustainable and Renewable Technology (12.16%)*							100,828	10
Debt Investments (161.25%)*							1,368,674	1,33

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Equity Investments						
Biotechnology						
Tools						
NuGEN Technologies, Inc. ⁽¹⁵⁾	Biotechnology Tools	Equity	Common Stock	55,780	\$ 500	\$
Subtotal: Biotechnology Tools (0.00%)*					500	
Communications & Networking						
Achilles Technology Management Co II, Inc. ⁽⁷⁾⁽¹⁵⁾	Communications & Networking	Equity	Common Stock	100	3,100	117
GlowPoint, Inc. ⁽⁴⁾	Communications & Networking	Equity	Common Stock	114,192	102	25
Peerless Network Holdings, Inc.	Communications & Networking	Equity	Preferred Series A	1,000,000	1,000	6,060
Subtotal: Communications & Networking (0.75%)*					4,202	6,202
Diagnostic						
Singulex, Inc.	Diagnostic	Equity	Common Stock	937,998	750	911
Subtotal: Diagnostic (0.11%)*					750	911
Diversified						
Financial Services						
Gibraltar Business Capital, LLC ⁽⁷⁾	Diversified Financial Services	Equity	Preferred Series A	10,602,752	25,538	25,538
	Diversified Financial Services	Equity	Common Stock	830,000	1,861	1,861

Total Gibraltar Business Capital, LLC				11,432,752	27,399	27,399
Subtotal: Diversified Financial Services (3.31%)*					27,399	27,399

Drug Delivery

Drug Delivery						
AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾						
Drug Delivery	Equity	Common Stock	54,240	108	114	
BioQ Pharma Incorporated ⁽¹⁵⁾						
Drug Delivery	Equity	Preferred Series D	165,000	500	891	
Edge Therapeutics, Inc. ⁽⁴⁾						
Drug Delivery	Equity	Common Stock	49,965	309	59	
Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾						
Drug Delivery	Equity	Common Stock	125,000	1,500	1,038	
Subtotal: Drug Delivery (0.25%)*					2,417	2,102

Drug Discovery & Development

Drug Discovery & Development						
Aveo Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾						
Drug Discovery & Development	Equity	Common Stock	1,901,791	1,715	5,558	
Axovant Sciences Ltd. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾						
Drug Discovery & Development	Equity	Common Stock	129,827	1,269	172	
Cerecor, Inc. ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	119,087	1,000	511	
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	13,550	1,000	11	
Dicerna Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾						
Drug Discovery & Development	Equity	Common Stock	142,858	1,000	1,365	
Dynavax Technologies ⁽⁴⁾⁽¹⁰⁾						
Drug Discovery & Development	Equity	Common Stock	20,000	550	398	
Epirus Biopharmaceuticals, Inc. ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	200,000	1,000		
Genocea Biosciences, Inc. ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	223,463	2,000	235	
Insmed, Incorporated ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	70,771	1,000	1,230	
Melinta Therapeutics ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	51,821	2,000	384	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽⁴⁾						
Drug Discovery & Development	Equity	Common Stock	76,362	2,744	992	

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Rocket Pharmaceuticals, Ltd (p.k.a. Inotek Pharmaceuticals Corporation) ⁽⁴⁾	Drug Discovery & Development	Equity	Common Stock	944	\$ 1,500	\$ 18
Subtotal: Drug Discovery & Development (1.31%)*					16,778	10,874
Electronics & Computer Hardware						
Identiv, Inc. ⁽⁴⁾	Electronics & Computer Hardware	Equity	Common Stock	6,700	34	25
Subtotal: Electronics & Computer Hardware (0.00%)*					34	25
Information Services						
DocuSign, Inc.	Information Services	Equity	Common Stock	385,000	6,081	8,379
Subtotal: Information Services (1.01%)*					6,081	8,379
Internet Consumer & Business Services						
Blurb, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Equity	Preferred Series B	220,653	175	80
Brigade Group, Inc. (p.k.a. Philotic, Inc.)	Internet Consumer & Business Services	Equity	Common Stock	9,023	93	
Lightspeed POS, Inc. ⁽⁵⁾⁽¹⁰⁾	Internet Consumer & Business Services	Equity	Preferred Series C	230,030	250	257
				198,677	250	235

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	Internet Consumer & Business Services		Preferred Series D			
Total Lightspeed POS, Inc.				428,707	500	492
OfferUp, Inc.	Internet Consumer & Business Services	Equity	Preferred Series A	286,080	1,663	1,889
	Internet Consumer & Business Services	Equity	Preferred Series A-1	108,710	632	718
Total OfferUp, Inc.				394,790	2,295	2,607
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Equity	Preferred Series G	218,351	250	416
	Internet Consumer & Business Services	Equity	Preferred Series H	87,802	250	233
Total Oportun (p.k.a. Progress Financial)				306,153	500	649
RazorGator Interactive Group, Inc.	Internet Consumer & Business Services	Equity	Preferred Series AA	34,783	15	
Tectura Corporation ⁽⁷⁾	Internet Consumer & Business Services	Equity	Preferred Series BB	1,000,000		
Subtotal: Internet Consumer & Business Services (0.46%)*					3,578	3,828
Media/Content/Info						
Pinterest, Inc.	Media/Content/Info		Preferred Series Seed	620,000	4,085	4,389
Subtotal: Media/Content/Info (0.53%)*					4,085	4,389
Medical Devices & Equipment						
AtriCure, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	7,536	266	155
Flowonix Medical Incorporated	Medical Devices & Equipment	Equity	Preferred Series AA	221,893	1,500	
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Common Stock	198,202		996
	Medical Devices & Equipment	Equity	Preferred Series A-1	191,210	425	1,056
	Medical Devices & Equipment	Equity	Preferred Series A-2	191,626	500	1,009

Total Gelesis, Inc.	581,038	925	3,061
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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series E	136,798	\$ 250	\$ 209
	Medical Devices & Equipment	Equity	Preferred Series F	73,971	155	171
	Medical Devices & Equipment	Equity	Preferred Series G	163,934	500	442
Total Medrobotics Corporation				374,703	905	822
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁵⁾	Medical Devices & Equipment	Equity	Preferred Series B	6,185,567	3,000	345
	Medical Devices & Equipment	Equity	Preferred Series C	1,927,309	655	100
	Medical Devices & Equipment	Equity	Preferred Series D	55,103,923	5,257	3,193
	Medical Devices & Equipment	Equity	Preferred Series E	31,199,131	2,609	2,618
Total Optiscan Biomedical, Corp.				94,415,930	11,521	6,256
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Equity	Preferred Series B	232,061	527	667
Quanterix Corporation ⁽⁴⁾	Medical Devices & Equipment	Equity	Common Stock	84,778	1,000	1,445
Subtotal: Medical Devices & Equipment (1.50%)*					16,644	12,406

Software						
CapLinked, Inc.	Software	Equity	Preferred Series A-3	53,614	51	87
Druva, Inc.	Software	Equity	Preferred Series 2	458,841	1,000	1,073
	Software	Equity	Preferred Series 3	93,620	300	313
Total Druva, Inc.				552,461	1,300	1,386
ForeScout Technologies, Inc. ⁽⁴⁾	Software	Equity	Common Stock	199,842	529	6,483
HighRoads, Inc.	Software	Equity	Common Stock	190	307	
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾	Software	Equity	Preferred Series E	669,173	963	1,392
Palantir Technologies	Software	Equity	Preferred Series E	727,696	5,431	4,923
	Software	Equity	Preferred Series G	326,797	2,211	2,211
Total Palantir Technologies				1,054,493	7,642	7,134
Sprinklr, Inc.	Software	Equity	Common Stock	700,000	3,749	3,752
WildTangent, Inc. ⁽¹⁵⁾	Software	Equity	Preferred Series 3	100,000	402	172
Subtotal: Software (2.46%)*					14,943	20,406
Surgical Devices						
Gynesonics, Inc. ⁽¹⁵⁾	Surgical Devices	Equity	Preferred Series B	219,298	250	48
	Surgical Devices	Equity	Preferred Series C	656,538	282	65
	Surgical Devices	Equity	Preferred Series D	1,991,157	711	822
	Surgical Devices	Equity	Preferred Series E	2,786,367	429	542
Total Gynesonics, Inc.				5,653,360	1,672	1,477
Transmedics, Inc.	Surgical Devices	Equity	Preferred Series B	88,961	1,100	427
	Surgical Devices	Equity	Preferred Series C	119,999	300	340
	Surgical Devices	Equity	Preferred Series D	260,000	650	1,071
	Surgical Devices	Equity	Preferred Series F	100,200	500	561
Total Transmedics, Inc.				569,160	2,550	2,399

Subtotal: Surgical Devices (0.47%)* 4,222 3,876

Sustainable and Renewable Technology

Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Equity	Common Stock	192	761	
Modumetal, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series C	3,107,520	500	360

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Proterra, Inc.	Sustainable and Renewable Technology	Equity	Preferred Series 5	99,280	\$ 500	\$ 527
Solar Spectrum Holdings LLC (p.k.a. Sungevity, Inc.) ⁽⁶⁾	Sustainable and Renewable Technology	Equity	Common Stock	288	61,502	12,315
Subtotal: Sustainable and Renewable Technology (1.59%)*					63,263	13,202
Total: Equity Investments (13.76%)*					164,896	113,999
Warrant Investments						
Biotechnology Tools						
Labcyte, Inc. ⁽¹⁵⁾	Biotechnology Tools	Warrant	Preferred Series C	1,127,624	323	494
Subtotal: Biotechnology Tools (0.06%)*					323	494
Communications & Networking						
Peerless Network Holdings, Inc.	Communications & Networking	Warrant	Common Stock	3,328		16
	Communications & Networking	Warrant	Preferred Series A	135,000	95	550
Total Peerless Network Holdings, Inc.				138,328	95	566
Spring Mobile Solutions, Inc.	Communications & Networking	Warrant	Common Stock	2,834,375	417	
Subtotal: Communications & Networking (0.07%)*					512	566

Consumer & Business Products

Gadget Guard (p.k.a. Antenna79) ⁽¹⁵⁾	Consumer & Business Products	Warrant	Common Stock	1,662,441	228		
Intelligent Beauty, Inc. ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series B	190,234	230	233	
The Neat Company ⁽¹⁵⁾	Consumer & Business Products	Warrant	Preferred Series C-1	540,540	365		
Subtotal: Consumer & Business Products (0.03%)*					823	233	

Drug Delivery

AcelRx Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	176,730	786	66	
Agile Therapeutics, Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	180,274	730	44	
BioQ Pharma Incorporated	Drug Delivery	Warrant	Common Stock	459,183	1	1,155	
Celsion Corporation ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	13,927	428		
Dance Biopharm, Inc. ⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	110,882	74		
Edge Therapeutics, Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	78,595	390	25	
Kaleo, Inc. (p.k.a. Intelliject, Inc.)	Drug Delivery	Warrant	Preferred Series B	82,500	594	1,076	
Neos Therapeutics, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Delivery	Warrant	Common Stock	70,833	285	71	
Pulmatrix Inc. ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	25,150	116		
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽⁴⁾	Drug Delivery	Warrant	Common Stock	3,618	266		
Subtotal: Drug Delivery (0.29%)*					3,670	2,437	

Drug Discovery & Development

ADMA Biologics, Inc. ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	89,750	295	31
Audentes Therapeutics, Inc. ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	9,914	62	142
Auris Medical Holding, AG ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Common Stock	15,672	249	2
Brickell Biotech, Inc.	Drug Discovery & Development	Warrant	Preferred Series C	26,086	119	65
Cerecor, Inc. ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	22,328	70	25
Chroma Therapeutics, Ltd. ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Preferred Series D	325,261	490	

See notes to consolidated financial statements.

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Cleveland BioLabs, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	7,813	\$ 105	\$ 1
Concert Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	132,069	545	1,091
CTI BioPharma Corp. (p.k.a. Cell Therapeutics, Inc.) ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	29,239	165	
CytRx Corporation ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	105,694	160	48
Dare Biosciences, Inc. (p.k.a. Cerulean Pharma, Inc.) ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	17,190	369	
Dicerna Pharmaceuticals, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	200	28	
Epirus Biopharmaceuticals, Inc. ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	64,194	276	
Evofem Biosciences, Inc (p.k.a Neothetics, Inc.) ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	7,806	266	28
Fortress Biotech, Inc. (p.k.a. Coronado Biosciences, Inc.) ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	73,009	142	43
Genocea Biosciences, Inc. ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	73,725	266	3
Immune Pharmaceuticals ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	10,742	164	

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Melinta Therapeutics ⁽⁴⁾	Drug Discovery & Development	Warrant	Common Stock	40,545	626	1
Motif BioSciences Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	73,452	282	254
Myovant Sciences, Ltd. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Common Stock	73,710	460	831
Neuralstem, Inc. ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	5,783	77	
Ology Bioservices, Inc. (p.k.a. Nanotherapeutics, Inc.) ⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	171,389	838	
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	75,214	178	82
Savara Inc. (p.k.a. Mast Therapeutics, Inc.) ⁽⁴⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	32,467	203	93
Sorrento Therapeutics, Inc. ⁽⁴⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Common Stock	306,748	889	704
Stealth Bio Therapeutics Corp. ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Preferred Series A	650,000	158	150
Tricida, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	212,765	223	217
uniQure B.V. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Warrant	Common Stock	37,174	218	334
XOMA Corporation ⁽⁴⁾⁽¹⁰⁾⁽¹⁵⁾	Drug Discovery & Development	Warrant	Common Stock	9,063	279	9

Subtotal: Drug Discovery & Development (0.50%)* 8,202 4,154

Electronics & Computer Hardware

908 DEVICES INC. ⁽¹⁵⁾	Electronics & Computer Hardware	Warrant	Preferred Series D	79,856	100	84
Clustrix, Inc.	Electronics & Computer Hardware	Warrant	Common Stock	50,000	12	

Subtotal: Electronics & Computer Hardware (0.01%)* 112 84

Healthcare Services, Other

Chromadex Corporation ⁽⁴⁾⁽¹⁵⁾		Warrant		139,673	157	182
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Healthcare
Services, Other

Common
Stock

Subtotal: Healthcare Services, Other (0.02%)*	157	182
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See notes to consolidated financial statements.

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Information Services						
INMOBI Inc. ⁽⁵⁾⁽¹⁰⁾	Information Services	Warrant	Common Stock	65,587	\$ 82	\$
InXpo, Inc. ⁽¹⁵⁾	Information Services	Warrant	Preferred Series C-1	898,134	49	34
MDX Medical, Inc. ⁽¹⁵⁾	Information Services	Warrant	Common Stock	2,812,500	283	185
Netbase Solutions, Inc.	Information Services	Warrant	Preferred Series 1	60,000	356	373
RichRelevance, Inc. ⁽¹⁵⁾	Information Services	Warrant	Preferred Series E	112,612	98	
Subtotal: Information Services (0.07%)*					868	592
Internet Consumer & Business Services						
Aria Systems, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series G	231,535	73	
Art.com, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series B	311,005	66	66
Blurb, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	234,280	636	27
ClearObject, Inc. (p.k.a. CloudOne, Inc.)	Internet Consumer & Business Services	Warrant	Preferred Series E	968,992	19	211
Faction Holdings, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	8,703	234	437
Intent Media, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Common Stock	140,077	168	200

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Interactions Corporation	Internet Consumer & Business Services	Warrant	Preferred Series G-3	68,187	204	413
Just Fabulous, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series B	206,184	1,102	1,812
Lightspeed POS, Inc. ⁽⁵⁾⁽¹⁰⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	245,610	20	99
LogicSource ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	79,625	30	28
Oportun (p.k.a. Progress Financial)	Internet Consumer & Business Services	Warrant	Preferred Series G	174,562	78	192
ShareThis, Inc. ⁽¹⁵⁾	Internet Consumer & Business Services	Warrant	Preferred Series C	493,502	547	
Snagajob.com, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A	1,800,000	782	1,406
Tapjoy, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series D	748,670	316	15
TraceLink, Inc.	Internet Consumer & Business Services	Warrant	Preferred Series A-2	283,353	1,833	2,029
Subtotal: Internet Consumer & Business Services (0.84%)*					6,108	6,935

Media/Content/Info

FanDuel, Inc.	Media/Content/Info	Warrant	Common Stock	15,570		
	Media/Content/Info	Warrant	Preferred Series A	4,648	730	1,875
Total FanDuel, Inc.				20,218	730	1,875
Machine Zone, Inc.	Media/Content/Info	Warrant	Common Stock	1,552,710	1,958	3,242
Rhapsody International, Inc. ⁽¹⁵⁾	Media/Content/Info	Warrant	Common Stock	715,755	385	37
WP Technology, Inc. (Wattpad, Inc.) ⁽⁵⁾⁽¹⁰⁾	Media/Content/Info	Warrant	Common Stock	255,818	4	24
Zoom Media Group, Inc.	Media/Content/Info	Warrant	Preferred Series A	1,204	348	29
Subtotal: Media/Content/Info (0.63%)*					3,425	5,207

**Medical Devices &
Equipment**

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Amedica Corporation ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Common Stock	8,603	459	
Aspire Bariatrics, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series B-1	112,858	455	
Avedro, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series AA	300,000	401	300

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Flowonix Medical Incorporated	Medical Devices & Equipment	Warrant	Preferred Series AA	155,325	\$ 362	\$
Gelesis, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series A-1	74,784	78	248
InspireMD, Inc. ⁽⁴⁾⁽⁵⁾⁽¹⁰⁾	Medical Devices & Equipment	Warrant	Common Stock	1,124	242	
Intuity Medical, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series 4	1,819,078	294	394
Medrobotics Corporation ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series E	455,539	370	264
Micell Technologies, Inc.	Medical Devices & Equipment	Warrant	Preferred Series D-2	84,955	262	154
NetBio, Inc.	Medical Devices & Equipment	Warrant	Preferred Series A	7,841	408	43
NinePoint Medical, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series A-1	587,840	170	104
Optiscan Biomedical, Corp. ⁽⁶⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series E	10,535,275	1,252	271
Outset Medical, Inc. (p.k.a. Home Dialysis Plus, Inc.)	Medical Devices & Equipment	Warrant	Preferred Series A	500,000	402	532
Quanterix Corporation ⁽⁴⁾	Medical Devices & Equipment	Warrant	Common Stock	66,039	204	326

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Sebacia, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series D	778,301	133	159	
SonaCare Medical, LLC (p.k.a. US HIFU, LLC)	Medical Devices & Equipment	Warrant	Preferred Series A	6,464	188		
Strata Skin Sciences, Inc. (p.k.a. MELA Sciences, Inc.) ⁽⁴⁾	Medical Devices & Equipment	Warrant	Common Stock	13,864	401		
Tela Bio, Inc. ⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Preferred Series B	387,930	62	128	
ViewRay, Inc. ⁽⁴⁾⁽¹⁵⁾	Medical Devices & Equipment	Warrant	Common Stock	128,231	333	206	
Subtotal: Medical Devices & Equipment (0.38%)*					6,476	3,129	

Semiconductors

Achronix Semiconductor Corporation ⁽¹⁵⁾	Semiconductors	Warrant	Preferred Series C	360,000	160	434	
	Semiconductors	Warrant	Preferred Series D-2	750,000	99	648	
Total Achronix Semiconductor Corporation				1,110,000	259	1,082	
Aquantia Corp. ⁽⁴⁾	Semiconductors	Warrant	Common Stock	19,683	4	41	
Avnera Corporation	Semiconductors	Warrant	Preferred Series E	141,567	46	219	
Subtotal: Semiconductors (0.16%)*					309	1,342	

Software

Actifio, Inc.	Software	Warrant	Common Stock	73,584	249	65
	Software	Warrant	Preferred Series F	31,673	343	79
Total Actifio, Inc.				105,257	592	144
Braxton Technologies, LLC	Software	Warrant	Preferred Series A	168,750	188	
CareCloud Corporation ⁽¹⁵⁾	Software	Warrant	Preferred Series B	413,433	258	44
Clickfox, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series B	1,038,563	330	35
	Software	Warrant	Preferred Series C	592,019	730	38
	Software	Warrant	Preferred Series C-A	2,218,214	230	1,441

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Total Clickfox, Inc.				3,848,796	1,290	1,514
DNAnexus, Inc.	Software	Warrant	Preferred Series C	909,091	97	62
Evernote Corporation ⁽¹⁵⁾	Software	Warrant	Common Stock	62,500	106	218
Fuze, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series F	256,158	89	5
Lightbend, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C-1	391,778	79	75
Mattersight Corporation ⁽⁴⁾	Software	Warrant	Common Stock	357,143	538	88

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

March 31, 2018

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Series	Shares	Cost ⁽³⁾	Value ⁽⁴⁾
Message Systems, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	503,718	\$ 334	\$ 464
Mobile Posse, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C	396,430	130	155
Neos, Inc. ⁽¹⁵⁾	Software	Warrant	Common Stock	221,150	22	
NewVoiceMedia Limited ⁽⁵⁾⁽¹⁰⁾	Software	Warrant	Preferred Series E	225,586	33	142
OneLogin, Inc. ⁽¹⁵⁾	Software	Warrant	Common Stock	228,972	150	172
PerfectServe, Inc.	Software	Warrant	Preferred Series C	129,073	720	1,089
Poplicus, Inc.	Software	Warrant	Common Stock	132,168		
Quid, Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series D	71,576	1	6
RapidMiner, Inc.	Software	Warrant	Preferred Series C-1	4,982	24	32
RedSeal Inc. ⁽¹⁵⁾	Software	Warrant	Preferred Series C-Prime	640,603	66	38
Signpost, Inc.	Software	Warrant	Preferred Series C	324,005	314	108
Wrike, Inc.	Software	Warrant	Common Stock	698,760	462	1,273
Subtotal: Software (0.68%)*					5,493	5,629
Specialty Pharmaceuticals						
Alimera Sciences, Inc. ⁽⁴⁾	Specialty Pharmaceuticals	Warrant	Common Stock	1,717,709	861	256
Subtotal: Specialty Pharmaceuticals (0.03%)*					861	256

Surgical Devices						
Gynesonics, Inc. ⁽¹⁵⁾	Surgical Devices	Warrant	Preferred Series C	180,480	75	16
	Surgical Devices	Warrant	Preferred Series D	1,575,965	320	307
Total Gynesonics, Inc.				1,756,445	395	323
Transmedics, Inc.	Surgical Devices	Warrant	Preferred Series B	40,436	225	16
	Surgical Devices	Warrant	Preferred Series D	175,000	100	474
	Surgical Devices	Warrant	Preferred Series F	50,544	38	62
Total Transmedics, Inc.				265,980	363	552
Subtotal: Surgical Devices (0.11%)*					758	875
Sustainable and Renewable Technology						
Agrivida, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series D	471,327	120	
American Superconductor Corporation ⁽⁴⁾	Sustainable and Renewable Technology	Warrant	Common Stock	58,823	39	41
Calera, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series C	44,529	513	
EcoMotors, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series B	437,500	308	
Fluidic, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series D	61,804	102	
Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)	Sustainable and Renewable Technology	Warrant	Common Stock	5,310	181	
	Sustainable and Renewable Technology	Warrant	Preferred Series 2-A	63	50	
Total Flywheel Building Intelligence, Inc. (p.k.a. SCIEnergy, Inc.)				5,373	231	
Fulcrum Bioenergy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series C-1	280,897	275	457
GreatPoint Energy, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series D-1	393,212	548	
Kinestral Technologies, Inc.	Sustainable and Renewable Technology	Warrant	Preferred	325,000	155	92

Renewable Technology		Series A			
Sustainable and Renewable Technology	Warrant	Preferred Series B	131,883	63	27
Total Kinestral Technologies, Inc.			456,883	218	119

See notes to consolidated financial statements.

Table of ContentsIndex to Financial Statements**HERCULES CAPITAL, INC.****CONSOLIDATED SCHEDULE OF INVESTMENTS****March 31, 2018****(unaudited)****(dollars in thousands)**

Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Series	Shares	Cost⁽³⁾	Value⁽⁴⁾
Polyera Corporation ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series C	311,609	\$ 338	\$
Proterra, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series 4	477,517	41	518
Rive Technology, Inc. ⁽¹⁵⁾	Sustainable and Renewable Technology	Warrant	Preferred Series E	234,477	12	3
Stion Corporation ⁽⁶⁾	Sustainable and Renewable Technology	Warrant	Preferred Series Seed	2,154	1,378	
TAS Energy, Inc.	Sustainable and Renewable Technology	Warrant	Preferred Series AA	428,571	299	
Tendril Networks	Sustainable and Renewable Technology	Warrant	Preferred Series 3-A	1,019,793	189	
Subtotal: Sustainable and Renewable Technology (0.14%)*					4,611	1,138
Total: Warrant Investments (4.01%)*					42,708	33,253
Total Investments in Securities (179.02%)*					\$ 1,576,278	\$ 1,483,578

* Value as a percent of net assets

(1) Preferred and common stock, warrants, and equity interests are generally non-income producing.

(2) Interest rate PRIME represents 4.75% at March 31, 2018. Daily LIBOR, 1-month LIBOR, 3-month LIBOR and 12-month LIBOR represent 1.70%, 1.88%, 2.31% and 2.66%, respectively, at March 31, 2018.

(3) Gross unrealized appreciation, gross unrealized depreciation, and net unrealized depreciation for federal income tax purposes totaled \$26.2 million, \$128.1 million and \$101.8 million respectively. The tax cost of investments is \$1.6 billion.

(4) Except for warrants in 41 publicly traded companies and common stock in 20 publicly traded companies, all investments are restricted at March 31, 2018 and were valued at fair value using Level 3 significant unobservable inputs as determined in good faith by the Company's board of directors (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.

- (5) Non-U.S. company or the company's principal place of business is outside the United States.
- (6) Affiliate investment as defined under the Investment Company Act of 1940, as amended, (the 1940 Act) in which Hercules owns at least 5% but generally less than 25% of the company's voting securities.
- (7) Control investment as defined under the 1940 Act in which Hercules owns at least 25% of the company's voting securities or has greater than 50% representation on its board.
- (8) Debt is on non-accrual status at March 31, 2018, and is therefore considered non-income producing. Note that at March 31, 2018, only the \$10.7 million PIK, or payment-in-kind, loan is on non-accrual for the Company's debt investment in Tectura Corporation.
- (9) Denotes that all or a portion of the debt investment is convertible debt.
- (10) Indicates assets that the Company deems not qualifying assets under section 55(a) of 1940 Act. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
- (11) Denotes that all or a portion of the debt investment secures the notes offered in the Debt Securitization (as defined in Note 4).
- (12) Denotes that all or a portion of the debt investment is pledged as collateral under the Wells Facility (as defined in Note 4).
- (13) Denotes that all or a portion of the debt investment is pledged as collateral under the Union Bank Facility (as defined in Note 4).
- (14) Denotes that all or a portion of the debt investment principal includes accumulated PIK interest and is net of repayments.
- (15) Denotes that all or a portion of the investment in this portfolio company is held by Hercules Technology II, L.P., or HT II, or Hercules Technology III, L.P., or HT III, the Company's wholly owned small business investment companies, or SBIC, subsidiaries.
- (16) Denotes that the fair value of the Company's total investments in this portfolio company represent greater than 5% of the Company's total assets at March 31, 2018.
- (17) Denotes that there is an unfunded contractual commitment available at the request of this portfolio company at March 31, 2018. Refer to Note 10.
- (18) Denotes unitranche debt with first lien last-out senior secured position and security interest in all assets of the portfolio company whereby the last-out portion will be subordinated to the first-out portion in a liquidation, sale or other disposition.
- (19) Denotes second lien senior secured debt.

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Debt Investments							
Biotechnology Tools							
1-5 Years Maturity							
Exicure, Inc. ⁽¹²⁾	Biotechnology Tools	Senior Secured	September 2019	Interest rate PRIME + 6.45%			
				or Floor rate of 9.95%, 3.85% Exit Fee	\$ 4,999	\$ 5,115	\$ 5,146
Subtotal: 1-5 Years Maturity						5,115	5,146
Subtotal: Biotechnology Tools (0.61%)*						5,115	5,146
Communications & Networking							
Under 1 Year Maturity							
OpenPeak, Inc. ⁽⁸⁾	Communications & Networking	Senior Secured	April 2018	Interest rate PRIME + 8.75%			
				or Floor rate of 12.00%	\$ 11,464	8,228	
Subtotal: Under 1 Year Maturity						8,228	
Subtotal: Communications & Networking (0.00%)*						8,228	
Consumer & Business Products							
Under 1 Year Maturity							
Antenna79 (p.k.a. Pong Research Corporation) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2018	Interest rate PRIME + 6.00%			
				or Floor rate of 9.50%	\$ 1,000	1,000	1,000

Subtotal: Under 1 Year Maturity					1,000	1,000	
1-5 Years Maturity							
Antenna79 (p.k.a. Pong Research Corporation) ⁽¹⁵⁾	Consumer & Business Products	Senior Secured	December 2019	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%, 2.95% Exit Fee	\$ 18,440	18,580	18,571
Second Time Around (Simplify Holdings, LLC) ⁽⁷⁾⁽⁸⁾⁽¹⁵⁾	Consumer & Business Products	Senior Secured	February 2019	Interest rate PRIME + 7.25%			
				or Floor rate of 10.75%, 4.75% Exit Fee	\$ 1,746	1,781	
Subtotal: 1-5 Years Maturity					20,361	18,571	
Subtotal: Consumer & Business Products (2.33%)*					21,361	19,571	
Drug Delivery							
Under 1 Year Maturity							
Agile Therapeutics, Inc. ⁽¹¹⁾	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, 3.70% Exit Fee	\$ 10,888	11,292	11,292
Pulmatrix Inc. ⁽⁹⁾⁽¹¹⁾	Drug Delivery	Senior Secured	July 2018	Interest rate PRIME + 6.25%			
				or Floor rate of 9.50%, 3.50% Exit Fee	\$ 3,259	3,455	3,455
ZP Opco, Inc (p.k.a. Zosano Pharma) ⁽¹¹⁾	Drug Delivery	Senior Secured	December 2018	Interest rate PRIME + 2.70%			
				or Floor rate of 7.95%, 2.87% Exit Fee	\$ 6,316	6,609	6,609
Subtotal: Under 1 Year Maturity					21,356	21,356	
1-5 Years Maturity							
AcelRx Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹¹⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	March 2020	Interest rate PRIME + 6.05%			
				or Floor rate of 9.55%, 11.69% Exit Fee	\$ 18,653	18,925	18,875
Antares Pharma Inc. ⁽¹⁰⁾⁽¹⁵⁾	Drug Delivery	Senior Secured	July 2022	Interest rate PRIME + 4.50%			
				or Floor rate of 9.00%, 4.25% Exit Fee	\$ 25,000	25,006	24,958

See notes to consolidated financial statements.

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HERCULES CAPITAL, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS

December 31, 2017

(unaudited)

(dollars in thousands)

Portfolio Company	Sub-Industry	Type of Investment ⁽¹⁾	Maturity Date	Interest Rate and Floor ⁽²⁾	Principal Amount	Cost ⁽³⁾	Value ⁽⁴⁾
Edge Therapeutics, Inc. ⁽¹²⁾	Drug Delivery	Senior Secured	February 2020	Interest rate PRIME + 4.65% or Floor rate of 9.15%, 4.95% Exit Fee	\$ 20,000	\$ 20,377	\$ 20,331
Subtotal: 1-5 Years Maturity						64,308	64,164
Subtotal: Drug Delivery (10.17%)*						85,664	85,520
Drug Discovery & Development							
Under 1 Year Maturity							
CytRx Corporation ⁽¹¹⁾⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	August 2018	Interest rate PRIME + 6.00% or Floor rate of 9.50%, 7.09% Exit Fee	\$ 9,986	11,172	11,172
Epirus Biopharmaceuticals, Inc. ⁽⁸⁾	Drug Discovery & Development	Senior Secured	April 2018	Interest rate PRIME + 4.70% or Floor rate of 7.95%, 3.00% Exit Fee	\$ 3,027	3,310	340
Subtotal: Under 1 Year Maturity						14,482	11,512
1-5 Years Maturity							
Auris Medical Holding, AG ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	January 2020	Interest rate PRIME + 6.05% or Floor rate of 9.55%, 5.75% Exit Fee	\$ 10,341	10,610	10,563

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Aveo Pharmaceuticals, Inc. ⁽¹⁰⁾⁽¹³⁾	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70%			
				or Floor rate of 9.45%, 5.40% Exit Fee	\$ 10,000	10,345	10,344
	Drug Discovery & Development	Senior Secured	July 2021	Interest rate PRIME + 4.70%			
				or Floor rate of 9.45%, 3.00% Exit Fee	\$ 10,000	9,918	9,915
Total Aveo Pharmaceuticals, Inc.					\$ 20,000	20,263	20,259
Axovant Sciences Ltd. ⁽⁵⁾⁽¹⁰⁾	Drug Discovery & Development	Senior Secured	March 2021	Interest rate PRIME + 6.80%			
				or Floor rate of 10.55%	\$ 55,000	53,631	53,448
Brickell Biotech, Inc. ⁽¹²⁾	Drug Discovery & Development	Senior Secured	September 2019	Interest rate PRIME + 5.70%			
				or Floor rate of 9.20%, 6.75% Exit Fee	\$ 6,090	6,380	6,361
Chemocentryx, Inc. ⁽¹⁰⁾⁽¹⁵⁾⁽¹⁷⁾	Drug Discovery & Development	Senior Secured	December 2021	Interest rate PRIME + 3.30%			
				or Floor rate of 8.05%, 6.25% Exit Fee	\$ 5,000	4,947	4,947
Genocea Biosciences, Inc. ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	January 2019	Interest rate PRIME + 2.25%			
				or Floor rate of 7.25%, 4.95% Exit Fee	\$ 13,851	14,482	14,385
Insmed, Incorporated ⁽¹¹⁾	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 4.75%			
				or Floor rate of 9.25%, 4.86% Exit Fee	\$ 55,000	55,425	54,963
Metuchen Pharmaceuticals LLC ⁽¹²⁾⁽¹⁴⁾	Drug Discovery & Development	Senior Secured	October 2020	Interest rate PRIME + 7.25%			
				or Floor rate of 10.75%, PIK Interest 1.35%, 2.25% Exit Fee	\$ 25,561	25,721	25,643
Motif BioSciences Inc. ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	September 2021	Interest rate PRIME + 5.50%			
				or Floor rate of 10.00%, 2.15% Exit Fee	\$ 15,000	14,651	14,651
Myovant Sciences, Ltd. ⁽⁵⁾⁽¹⁰⁾⁽¹³⁾⁽¹⁷⁾	Drug Discovery & Development	Senior Secured	May 2021	Interest rate PRIME + 4.00%	\$ 25,000	24,704	24,704

				or Floor rate of 8.25%, 6.55% Exit Fee			
Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.) ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%			
				or Floor rate of 8.50%, 4.50% Exit Fee	\$ 40,000	40,144	39,829
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75%			
				or Floor rate of 8.50%, 4.50% Exit Fee	\$ 10,000	10,040	9,958

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Portfolio Company	Sub-Industry	Type of Investment⁽¹⁾	Maturity Date	Interest Rate and Floor⁽²⁾	Principal Amount	Cost⁽³⁾	Value⁽⁴⁾
	Drug Discovery & Development	Senior Secured	September 2020	Interest rate PRIME + 2.75% or Floor rate of 8.50%, 2.25% Exit Fee	\$ 10,000	\$ 9,964	\$ 9,895
Total Paratek Pharmaceuticals, Inc. (p.k.a. Transcept Pharmaceuticals, Inc.)					\$ 60,000	60,148	59,682
PhaseRx, Inc. ⁽¹⁵⁾	Drug Discovery & Development	Senior Secured	December 2019	Interest rate PRIME + 5.75% or Floor rate of 9.25%, 5.85% Exit Fee	\$ 4,694	4,842	1,917
Stealth Bio Therapeutics Corp. ⁽⁵⁾⁽¹⁰⁾⁽¹²⁾	Drug Discovery & Development	Senior Secured	January 2021	Interest rate PRIME + 5.50% or Floor rate of 9.50%, 5.00% Exit Fee	\$ 15,000	14,898	14,847
uniQure B.V. ⁽⁵⁾⁽¹⁰⁾⁽¹¹⁾	Drug Discovery & Development	Senior Secured	May 2020	Interest rate PRIME + 3.00% or Floor rate of 8.25%, 5.48% Exit Fee	\$ 20,000	20,579	20,543
Verastem, Inc. ⁽¹²⁾⁽¹⁷⁾	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00% or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,957	4,910
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00%	\$ 5,000	4,996	4,949

				or Floor rate of 10.50%, 4.50% Exit Fee			
	Drug Discovery & Development	Senior Secured	December 2020	Interest rate PRIME + 6.00%			
				or Floor rate of 10.50%, 4.50% Exit Fee	\$ 5,000	4,953	4,907
Total Verastem, Inc.					\$ 15,000	14,906	14,766
Subtotal: 1-5 Years Maturity						346,187	341,679
Subtotal: Drug Discovery & Development (42.00%)*						360,669	353,191
Electronics & Computer Hardware							
1-5 Years Maturity							
908 DEVICES INC. ⁽¹⁵⁾	Electronics & Computer Hardware	Senior Secured	September 2020	Interest rate PRIME + 4.00%			
				or Floor rate of 8.25%, 4.25% Exit Fee	\$ 10,000	10,014	9,887
Subtotal: 1-5 Years Maturity						10,014	9,887
Subtotal: Electronics & Computer Hardware (1.18%)*						10,014	9,887
Healthcare Services, Other							
1-5 Years Maturity							
Medisphere Systems Corporation ⁽¹⁴⁾⁽¹⁵⁾	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, PIK Interest 1.75%	\$ 17,607	17,437	17,437
	Healthcare Services, Other	Senior Secured	February 2021	Interest rate PRIME + 4.75%			
				or Floor rate of 9.00%, PIK Interest 1.75%	\$ 5,009	4,963	4,963
Total Medisphere Systems Corporation					\$ 22,616	22,400	22,400
Oak Street Health ⁽¹²⁾	Healthcare Services, Other	Senior Secured	September 2021	Interest rate PRIME + 5.00%			
				or Floor rate of 9.75%, 5.95% Exit Fee	\$ 20,000	19,965	19,965
PH Group Holdings ⁽¹³⁾	Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
				or Floor rate of 10.95%	\$ 20,000	19,878	19,803

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Healthcare Services, Other	Senior Secured	September 2020	Interest rate PRIME + 7.45%			
			or Floor rate of 10.95%	\$ 10,000	9,922	9,840