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Triangle Capital CORP
Form 10-Q
May 06, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

OR

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

For the transition period from _____ to _____
Commission file number 814-00733

Triangle Capital Corporation
(Exact name of registrant as specified in its charter)

Maryland 06-1798488
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

3700 Glenwood Avenue, Suite 530 27612
Raleigh, North Carolina
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (919) 719-4770

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: N/A

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares outstanding of the registrant's Common Stock on May 6, 2015 was 33,225,627.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

TRIANGLE CAPITAL CORPORATION

Consolidated Balance Sheets

	March 31, 2015 (Unaudited)	December 31, 2014
Assets:		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of \$686,166,666 and \$717,233,688 at March 31, 2015 and December 31, 2014, respectively)	\$651,682,278	\$693,312,886
Affiliate investments (cost of \$210,307,952 and \$175,182,171 at March 31, 2015 and December 31, 2014, respectively)	213,255,812	178,935,236
Control investments (cost of \$29,636,763 and \$29,636,763 at March 31, 2015 and December 31, 2014, respectively)	12,473,000	14,975,000
Total investments at fair value	877,411,090	887,223,122
Cash and cash equivalents	111,763,958	78,759,026
Interest and fees receivable	7,205,672	7,409,105
Prepaid expenses and other current assets	615,625	438,861
Property and equipment, net	115,427	108,753
Total assets	\$997,111,772	\$973,938,867
Liabilities:		
Accounts payable and accrued liabilities	\$3,113,643	\$7,144,673
Interest payable	1,435,372	3,365,237
Taxes payable	56,002	2,506,031
Deferred income taxes	3,208,718	3,363,669
Borrowings under credit facility	20,323,357	61,389,306
Notes	229,425,841	145,646,224
SBA-guaranteed debentures payable	219,933,391	219,697,098
Total liabilities	477,496,324	443,112,238
Commitments and contingencies (Note 6)		
Net Assets:		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 33,225,627 and 32,950,288 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively)	33,226	32,950
Additional paid in capital	542,136,742	542,119,994
Investment income in excess of distributions	10,976,071	12,926,514
Accumulated realized gains	15,729,070	12,464,699
Net unrealized appreciation (depreciation)	(49,259,661)	(36,717,528)
Total net assets	519,615,448	530,826,629
Total liabilities and net assets	\$997,111,772	\$973,938,867
Net asset value per share	\$15.64	\$16.11

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
 Unaudited Consolidated Statements of Operations

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Investment income:		
Loan interest, fee and dividend income:		
Non-Control / Non-Affiliate investments	\$21,784,751	\$16,507,765
Affiliate investments	4,944,559	3,576,791
Control investments	100,000	145,360
Total loan interest, fee and dividend income	26,829,310	20,229,916
Payment-in-kind interest income:		
Non-Control / Non-Affiliate investments	2,728,323	2,997,777
Affiliate investments	1,169,001	730,657
Control investments	—	5,987
Total payment-in-kind interest income	3,897,324	3,734,421
Interest income from cash and cash equivalent investments	52,936	74,608
Total investment income	30,779,570	24,038,945
Operating expenses:		
Interest and other financing fees	6,432,455	5,139,512
General and administrative expenses	6,577,536	5,056,092
Total operating expenses	13,009,991	10,195,604
Net investment income	17,769,579	13,843,341
Realized and unrealized gains (losses) on investments and foreign currency borrowings:		
Net realized gains (losses):		
Non-Control / Non-Affiliate investments	3,236,669	272,201
Affiliate investments	27,702	—
Control investments	—	(208,553)
Net realized gains (losses)	3,264,371	63,648
Net unrealized appreciation (depreciation):		
Investments	(13,715,840)	(1,498,470)
Foreign currency borrowings	1,173,707	360,535
Net unrealized appreciation (depreciation)	(12,542,133)	(1,137,935)
Net realized and unrealized gains (losses) on investments and foreign currency borrowings	(9,277,762)	(1,074,287)
Provision for taxes	(137,875)	(266,555)
Net increase in net assets resulting from operations	\$8,353,942	\$12,502,499
Net investment income per share—basic and diluted	\$0.54	\$0.50
Net increase in net assets resulting from operations per share—basic and diluted	\$0.25	\$0.45
Dividends/distributions paid per share:		
Regular quarterly dividends/distributions	\$0.54	\$0.54
Supplemental dividends/distributions	0.05	0.15
Total dividends/distributions	\$0.59	\$0.69
Weighted average number of shares outstanding—basic and diluted	33,099,197	27,805,108

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION

Unaudited Consolidated Statements of Changes in Net Assets

	Common Stock		Additional Paid In Capital	Investment Income in Excess of Distributions	Accumulated Realized Gains on Investments	Net Unrealized Appreciation (Depreciation)	Total Net Assets
	Number of Shares	Par Value					
Balance, December 31, 2013	27,697,483	\$27,697	\$409,042,893	\$8,610,735	\$20,665,371	\$ 7,445,434	\$445,792,130
Net investment income	—	—	—	13,843,341	—	—	13,843,341
Stock-based compensation	—	—	1,338,072	—	—	—	1,338,072
Realized gain (loss) on investments	—	—	—	—	63,648	(555,390)	(491,742)
Net unrealized gains (losses) on investments / foreign currency	—	—	—	—	—	(582,545)	(582,545)
Provision for taxes	—	—	—	(266,555)	—	—	(266,555)
Dividends / distributions	27,108	27	707,263	(15,053,358)	(4,181,488)	—	(18,527,556)
Issuance of restricted stock Common stock withheld for payroll taxes upon vesting of restricted stock	273,000 (93,895)	273 (93)	(273) (2,474,028)	— —	— —	— —	— (2,474,121)
Balance, March 31, 2014	27,903,696	\$27,904	\$408,613,927	\$7,134,163	\$16,547,531	\$ 6,307,499	\$438,631,024

	Common Stock		Additional Paid In Capital	Investment Income in Excess of Distributions	Accumulated Realized Gains on Investments	Net Unrealized Appreciation (Depreciation)	Total Net Assets
	Number of Shares	Par Value					
Balance, December 31, 2014	32,950,288	\$32,950	\$542,119,994	\$12,926,514	\$12,464,699	\$(36,717,528)	\$530,826,629
Net investment income	—	—	—	17,769,579	—	—	17,769,579
Stock-based compensation	—	—	1,642,297	—	—	—	1,642,297
Realized gain (loss) on	—	—	—	—	3,264,371	(3,370,439)	(106,068)

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investments							
Net unrealized							
loss on							
investments /	—	—	—	—	—	(9,171,694)	(9,171,694)
foreign currency							
Provision for	—	—	—	(137,875)	—	—	(137,875)
taxes							
Dividends /	35,548	36	830,010	(19,582,147)	—	—	(18,752,101)
distributions							
Expenses related							
to public							
offering of	—	—	(54,967)	—	—	—	(54,967)
common stock							
Issuance of	350,000	350	(350)	—	—	—	—
restricted stock							
Common stock							
withheld for							
payroll taxes	(110,209)	(110)	(2,400,242)	—	—	—	(2,400,352)
upon vesting of							
restricted stock							
Balance, March	33,225,627	\$33,226	\$542,136,742	\$10,976,071	\$15,729,070	\$(49,259,661)	\$519,615,448
31, 2015							

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
 Unaudited Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$8,353,942	\$12,502,499
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Purchases of portfolio investments	(98,213,197)	(77,498,482)
Repayments received/sales of portfolio investments	97,094,750	51,808,786
Loan origination and other fees received	1,606,861	1,367,819
Net realized gain on investments	(3,264,371)	(63,648)
Net unrealized depreciation on investments	13,870,791	1,402,236
Net unrealized appreciation on foreign currency borrowings	(1,173,707)	(360,535)
Deferred income taxes	(154,951)	96,234
Payment-in-kind interest accrued, net of payments received	810,547	(1,472,204)
Amortization of deferred financing fees	511,864	397,944
Accretion of loan origination and other fees	(1,960,200)	(835,536)
Accretion of loan discounts	(133,149)	(346,201)
Accretion of discount on SBA-guaranteed debentures payable	46,222	45,230
Depreciation expense	15,169	9,652
Stock-based compensation	1,642,297	1,338,072
Changes in operating assets and liabilities:		
Interest and fees receivable	203,433	1,549,819
Prepaid expenses and other current assets	(176,764)	(2,641,584)
Accounts payable and accrued liabilities	(4,031,030)	(5,750,369)
Interest payable	(1,929,865)	(1,924,058)
Taxes payable	(2,450,029)	(1,064,544)
Net cash provided by (used in) operating activities	10,668,613	(21,438,870)
Cash flows from investing activities:		
Purchases of property and equipment	(21,843)	(25,552)
Net cash used in investing activities	(21,843)	(25,552)
Cash flows from financing activities:		
Borrowings under credit facility	8,000,000	—
Repayments of credit facility	(48,000,000)	—
Proceeds from notes	83,565,582	—
Expenses related to public offering of common stock	(54,967)	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(2,400,352)	(2,474,121)
Cash dividends/distributions paid	(18,752,101)	(18,527,556)
Net cash provided by (used in) financing activities	22,358,162	(21,001,677)
Net increase (decrease) in cash and cash equivalents	33,004,932	(42,466,099)
Cash and cash equivalents, beginning of period	78,759,026	133,304,346
Cash and cash equivalents, end of period	\$111,763,958	\$90,838,247
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$7,644,734	\$6,404,312
Summary of non-cash financing transactions:		

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Dividends/distributions paid through DRIP share issuances	\$830,046	\$707,290
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See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
 Unaudited Consolidated Schedule of Investments
 March 31, 2015

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Non-Control / Non-Affiliate Investments:					
Agilex Flavors & Fragrances, Inc. (3%)*	Custom Fragrance Producer	Subordinated Note (12% Cash, 1.5% PIK, Due 06/19)	\$ 12,940,632	\$ 12,756,508	\$ 12,756,508
		Common Units (1,250 units)		1,250,000	2,164,000
			12,940,632	14,006,508	14,920,508
AGM Automotive, LLC (0%)*	Auto Industry Interior Components Supplier	Class A Units (1,500,000 units)		630,134	1,736,000
				630,134	1,736,000
Applied-Cleveland Holdings, Inc. (5%)*	Oil and Gas Pipeline Infrastructure Inspection Services	Subordinated Note (10% Cash, 2% PIK, Due 06/19)	23,115,192	22,810,632	22,810,632
		Class A Units (2,129,032 units)		2,129,032	2,183,000
			23,115,192	24,939,664	24,993,632
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 shares)		516,867	1,102,000
				516,867	1,102,000
Audio and Video Labs Holdings, Inc. (2%)*	Manufacturer and Distributor for Independent Artists and Authors	Subordinated Note (12% Cash, 2% PIK, Due 06/18)	10,348,844	10,211,191	10,211,191
		Common Stock (138 shares)		1,300,000	1,546,000
			10,348,844	11,511,191	11,757,191
BFN Operations LLC (3%)*	Wholesale Grower and Distributor of Container Grown Shrubs, Trees and Plants	Subordinated Note (13% Cash, 4% PIK, Due 03/16)	18,458,051	18,198,885	16,151,000
			18,458,051	18,198,885	16,151,000
Botanical Laboratories, Inc. (0%)*	Nutritional Supplement Manufacturing and Distribution	Common Stock Warrants (998,680 shares)		237,301	240,000
				237,301	240,000
Cafe Enterprises, Inc. (2%)*	Restaurant	Subordinated Note (12% Cash, 2% PIK, Due 09/19)	12,251,729	12,044,609	12,044,609
		Series C Preferred Stock (10,000 shares)		1,000,000	1,000,000

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			12,251,729	13,044,609	13,044,609
Capital Contractors, Inc. (1%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) ⁽⁵⁾ Common Stock Warrants (20 shares)	9,810,268	9,583,888 492,000	5,456,000 —
			9,810,268	10,075,888	5,456,000
Carolina Beverage Group, LLC (0%)*	Beverage Manufacturing and Packaging	Class B Units (11,974 units)		119,735	95,000
				119,735	95,000
Chromaflo Technologies Parent LP (2%)*	Colorant Manufacturer and Distributor	Second Lien Term Loan (8.3% Cash, Due 06/20) Class A Units (22,561 units)	10,000,000	9,957,674 906,604	9,957,674 1,863,000
			10,000,000	10,864,278	11,820,674
Comverge, Inc. (3%)*	Provider of Intelligent Energy Management Solutions	Senior Note (12% Cash, Due 05/18) Preferred Stock (703 shares) Common Stock (1,000,000 shares)	15,505,583	15,311,556 554,458 100,000	15,311,556 528,000 —
			15,505,583	15,966,014	15,839,556
Continental Anesthesia Management, LLC (2%)*	Physicians Management Services	Subordinated Note (10% Cash, 4% PIK Due 04/15) Warrant (263 shares)	10,360,133	10,353,525 276,100	10,353,525 42,000
			10,360,133	10,629,625	10,395,525
CPower Ultimate HoldCo, LLC (0%)*	Demand Response Business	Units (345,542 units)		345,542	345,542
				345,542	345,542
		Senior Note (3.7% cash, Due 06/15)	1,140,000	1,140,000	1,140,000
		Subordinated Note (14% PIK, Due 11/15) ⁽⁶⁾	16,103,741	14,726,015	5,631,000
		Subordinated Note (14% PIK, Due 11/15) ⁽⁶⁾	14,720,633	12,705,812	3,032,000
CRS Reprocessing, LLC (2%)*	Fluid Reprocessing Services	Series C Preferred Units (30 units) Common Unit Warrant (1,406 units) Series D Preferred Units (16 units) Series E Preferred Units (5 units)		288,342 1,759,556 107,074 31,651	— — — —
			31,964,374	30,758,450	9,803,000

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TRIANGLE CAPITAL CORPORATION
 Unaudited Consolidated Schedule of Investments
 March 31, 2015

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
CWS Acquisition Corp. (3%)*	Manufacturer of Custom Windows and Sliding Doors	Subordinated Note (11% Cash, 2% PIK, Due 01/20)	\$ 16,319,218	\$ 16,066,731	\$ 16,066,731
		1,500,000 Class A Units		1,500,000	1,500,000
			16,319,218	17,566,731	17,566,731
Danville Materials, LLC (2%)*	Manufacturer of Dental Products	Subordinated Note (10% Cash, Due 12/18)	8,000,000	7,875,121	7,875,121
		Common Units (45,492 units)		500,000	643,000
			8,000,000	8,375,121	8,518,121
DataSource Incorporated (1%)*	Print Supply Chain Management Services	Subordinated Note (12% Cash, 2% PIK, Due 01/18)	4,889,360	4,840,630	4,840,630
		Common Units (47 units)		1,000,000	973,000
			4,889,360	5,840,630	5,813,630
DCWV Acquisition Corporation (1%)*	Arts & Crafts and Home Decor Products Designer and Supplier	Subordinated Note (12% Cash, 3% PIK, Due 09/17) ⁽⁵⁾	6,567,220	6,172,631	4,233,000
		Series A Preferred Equity (1,200 shares)		1,200,000	—
			6,567,220	7,372,631	4,233,000
DialogDirect, Inc. (5%)*	Business Process Outsourcing Provider	Subordinated Note (12% Cash, 1.5% PIK, Due 04/20)	24,157,449	23,933,506	23,933,506
			24,157,449	23,933,506	23,933,506
DLC Acquisition, LLC (4%)*	Staffing Firm	Senior Note (10% Cash, Due 07/19)	22,750,000	22,334,936	22,334,936
			22,750,000	22,334,936	22,334,936
DLR Restaurants, LLC (0%)*	Restaurant	Royalty Rights		—	—
				—	—
Dyno Acquiror, Inc. (1%)*	Sewing Products and Seasonal Decorative Products Supplier	Subordinated Note (12% Cash, 2% PIK, Due 11/18)	7,272,506	7,169,915	7,169,915
		Series A Units (600,000 units)		600,000	365,000
			7,272,506	7,769,915	7,534,915
Eckler's Holdings, Inc. (1%)*	Restoration Parts and Accessories for Classic Cars	Subordinated Note (11% Cash, 4% PIK, Due 07/18) ⁽⁶⁾	7,659,663	7,262,454	5,552,000
		Common Stock (18,029 shares)		183,562	—
		Preferred Stock A (1,596 shares)		1,596,126	—

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	and Trucks		7,659,663	9,042,142	5,552,000
Electronic Systems Protection, Inc. (0%)*	Power Protection Systems Manufacturing	Common Stock (570 shares)		285,000	510,000
				285,000	510,000
FCL Graphics, Inc. (0%)*	Commercial Printing Services	Senior Note (4.7% Cash, Due 09/16)	1,177,961	1,177,961	1,150,000
		Senior Note (7.8% Cash, 2% PIK, Due 09/16) ⁽⁵⁾	1,225,946	1,207,439	—
			2,403,907	2,385,400	1,150,000
Flowchem Ltd. (2%)*	Provider of Support Services to Crude Oil Pipeline Operators	Subordinated Note (11% Cash, 2% PIK, Due 06/19)	7,956,475	7,829,058	7,829,058
		Common Units (1,000,000 units)		914,835	1,305,000
FrontStream Payments, Inc. (2%)*	Payment and Donation Management Product Service Provider	Senior Note (12% Cash, 2% PIK, Due 08/18)	11,570,325	11,407,798	11,407,798
			11,570,325	11,407,798	11,407,798
Frontstreet Facility Solutions, Inc. (1%)*	Retail, Restaurant and Commercial Facilities Maintenance	Subordinated Note (13% Cash Due 07/18)	8,462,629	8,373,882	4,219,000
		Series A Convertible Preferred Units (2,500 units)		250,000	—
		Series B Convertible Preferred Units (5,556 units)		500,000	—
			8,462,629	9,123,882	4,219,000
Frozen Specialties, Inc. (2%)*	Frozen Foods Manufacturer	Subordinated Note (10% Cash, 4% PIK, Due 05/17)	12,739,823	12,739,823	10,436,000
			12,739,823	12,739,823	10,436,000
Garden Fresh Restaurant Holding, LLC (0%)*	Restaurant	Class A Units (5,000 units)		500,000	27,000
				500,000	27,000
Gilchrist & Soames, Inc. (7%)*	Manufacturer of Personal Care Products	Split Collateral Term Loan (10% Cash, 1.5% PIK, Due 11/19)	35,020,657	34,516,209	34,516,209
			35,020,657	34,516,209	34,516,209

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TRIANGLE CAPITAL CORPORATION
 Unaudited Consolidated Schedule of Investments
 March 31, 2015

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
GST AutoLeather, Inc. (4%)*	Supplier of Automotive Interior Leather	Subordinated Note (11% Cash, 2% PIK, Due 01/21)	\$22,324,245	\$21,917,045	\$21,917,045
			22,324,245	21,917,045	21,917,045
Hatch Chile Co., LLC (1%)*	Food Products Distributor	Subordinated Note (19% Cash, Due 11/18)	2,913,750	2,905,314	2,905,314
		Subordinated Note (14% Cash, Due 11/18)	3,191,250	3,020,811	3,020,811
		Unit Purchase Warrant (7,817 units)		295,800	540,000
			6,105,000	6,221,925	6,466,125
Hickman's Egg Ranch, Inc. (3%)*	Egg Producer	Subordinated Note (12% Cash, Due 06/19)	15,049,229	14,783,739	14,783,739
			15,049,229	14,783,739	14,783,739
HKW Capital Partners IV, L.P. (0%)* ⁽⁴⁾	Multi-Sector Holdings	0.6% Limited Partnership Interest		791,757	686,000
				791,757	686,000
HTC Borrower, LLC (5%)*	Hunting and Outdoor Products	Subordinated Note, (10% Cash, 3% PIK, Due 09/20)	25,047,916	24,672,916	24,672,916
			25,047,916	24,672,916	24,672,916
Huron, Inc. (3%)*	Parts Supplier to Automotive Industry	Subordinated Note (10% Cash, 3% PIK, Due 08/18)	13,854,096	13,795,784	13,795,784
			13,854,096	13,795,784	13,795,784
Inland Pipe Rehabilitation Holding Company LLC (2%)*	Cleaning and Repair Services	Subordinated Note (13% Cash, 2.5% PIK, Due 12/16)	8,658,501	8,618,090	8,618,090
		Membership Interest Purchase Warrant (3%)		853,500	1,445,000
			8,658,501	9,471,590	10,063,090
IOS Holding Company, LLC (0%)*	Inspections and Repair Services for Oil Industry	Common Units (7,314 Class A Units)		356,074	301,000
				356,074	301,000
Justrite Manufacturing Company, LLC (3%)*	Storage Product Developer and Supplier for Hazardous Materials	Subordinated Note (10% Cash, 2% PIK, Due 07/19)	14,851,345	14,673,455	14,673,455
		Class A Common Units (1,268 units)		118,110	180,000
		Class A Preferred Units (132 units)		131,890	174,000

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			14,851,345	14,923,455	15,027,455
Magpul Industries Corp. (1%)*	Firearm	Preferred Units (1,470 units)		1,470,000	2,375,000
	Accessories	Common Units (30,000 units)		30,000	1,139,000
	Manufacturer and Distributor			1,500,000	3,514,000
Media Storm, LLC (2%)*	Marketing Services	Subordinated Note (10% Cash, Due 08/19)	6,545,455	6,510,152	6,510,152
		Membership Units (1,216,204 units)		1,176,957	1,327,000
			6,545,455	7,687,109	7,837,152
Micross Solutions LLC (5%)*	Provider of Semiconductor Products and Services	Subordinated Note (12% Cash, 3% PIK, Due 06/18)	23,165,653	22,983,382	22,983,382
		Class A-2 Common Units (1,979,524 units)		2,019,693	2,019,693
			23,165,653	25,003,075	25,003,075
My Alarm Center, LLC (0%)*	Security Company	Preferred Units (2,000,000 units)		2,000,000	1,890,000
				2,000,000	1,890,000
Nautic Partners VII, LP (0%)*	Multi-Sector Holdings	0.4% Limited Partnership Interest		244,397	361,000
				244,397	361,000
Nomacor, LLC (4%)*	Synthetic Wine Cork Producer	Subordinated Note (10% Cash, 1.75% PIK, Due 07/21)	20,083,611	19,694,718	19,694,718
		Limited Partnership Interest		1,940,588	1,940,588
			20,083,611	21,635,306	21,635,306
On Event Services, LLC (3%)*	Equipment Rentals	Subordinated Note (10% Cash, 2% PIK, Due 02/20)	17,212,851	16,917,692	16,917,692
		Warrant to Purchase Units (4%)		850,000	850,000
			17,212,851	17,767,692	17,767,692

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
		Subordinated Note (10% Cash, Due 11/19)	\$22,885,000	\$22,456,862	\$22,456,862
Orchid Underwriters Agency, LLC (5%)*	Insurance Underwriter	Class A Preferred Units (15,000 units)		1,500,000	1,500,000
		Class A Common Units (15,000 units)		—	—
			22,885,000	23,956,862	23,956,862
Performance Health & Wellness Holdings, Inc. (1%)*	Rehabilitation and Wellness Products	Class A Limited Partnership Units (15,000 units)		1,500,000	2,622,000
				1,500,000	2,622,000
PowerDirect Marketing, LLC (1%)*	Marketing Services	Subordinated Note (13% Cash, 2% PIK, Due 12/16) ⁽⁶⁾	7,821,994	6,627,482	3,595,000
		Common Unit Purchase Warrants		590,200	—
			7,821,994	7,217,682	3,595,000
Sheplers, Inc. (3%)*	Western Apparel Retailer	Subordinated Note (13.2% Cash, Due 12/16)	8,750,000	8,657,015	8,657,015
		Subordinated Note (10% Cash, 7% PIK, Due 12/17)	4,704,000	4,673,453	4,673,453
			13,454,000	13,330,468	13,330,468
SPC Partners V, LP (0%)* ⁽⁴⁾	Multi-Sector Holdings	0.7% Limited Partnership Interest		725,083	672,000
				725,083	672,000
Specialized Desanders, Inc. (3%)* ⁽⁴⁾	Sand and Particulate Removal Equipment Provider for Oil and Gas Companies	Subordinated Note (12% Cash, 2% PIK, Due 03/20)	16,110,043	15,884,925	13,221,059
		LLP Units (2,000,000 units)		1,937,421	4,554,000
			16,110,043	17,822,346	17,775,059
Stella Environmental Services, LLC (0%)*	Waste Transfer Stations	Common Stock Purchase Warrants (2,500 shares)		20,000	1,734,000
				20,000	1,734,000
TACH Holdings, Inc. (f/k/a Trinity Consultants Holdings, Inc.) (3%)*	Air Quality Consulting Services	Subordinated Note (10% Cash, 3% PIK, Due 08/20)	15,288,008	15,169,022	15,169,022
		Series A1 Preferred Stock (10,000 units)		—	137,000

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		Common Stock (50,000 units)		50,000	1,231,000
			15,288,008	15,219,022	16,537,022
Tate's Bake Shop (2%)*	Producer of Baked Goods	Subordinated Note (10% Cash, 3% PIK, Due 02/20)	10,181,006	9,995,038	9,995,038
		Limited Partnership Investment		999,000	1,141,000
			10,181,006	10,994,038	11,136,038
TCFI Merlin LLC (3%)*	Specialty Staffing Service Provider	Senior Note (10% Cash, 1% PIK, Due 09/19)	15,079,763	14,803,546	14,803,546
		Limited Partnership Units (500,000 units)		500,000	500,000
			15,079,763	15,303,546	15,303,546
The Cook & Boardman Group, LLC (3%)*	Distributor of Doors and Related Products	Subordinated Note (10% Cash, 2.5% PIK, Due 03/20)	14,196,209	13,935,854	13,935,854
		Class A Units (1,400,000 units)		1,400,000	1,568,000
			14,196,209	15,335,854	15,503,854
The Krystal Company (1%)*	Restaurant	Class A Units of Limited Partnership (2,000 units)		638,260	2,854,000
					638,260
Top Knobs USA, Inc. (0%)*	Hardware Designer and Distributor	Common Stock (26,593 shares)		333,994	1,425,000
					333,994
United Biologics, LLC (2%)*	Allergy Immunotherapy	Subordinated Note (12% Cash, 2% PIK, Due 03/17)	12,435,286	11,910,206	11,910,206
		Class A Common Stock (177,935 shares)		1,999,989	861,000
		Class A-1 Common Stock (18,818 shares)		137,324	137,000
		Class A-1 Common Kicker Stock (14,114 shares)		—	—
		Class A, Class A-1, Class A-1 Kicker & Class B Unit Purchase Warrants		838,117	202,000
			12,435,286	14,885,636	13,110,206
Water Pik, Inc. (2%)*	Oral Health and Shower Head Supplier	Second Lien Term Loan (9.8% Cash, Due 01/21)	8,315,789	8,023,702	8,023,702
			8,315,789	8,023,702	8,023,702

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Wheel Pros Holdings, Inc. (2%)*	Wheel/Rim and Performance Tire Distributor	Subordinated Note (11% Cash, Due 06/20)	\$9,500,000	\$9,306,001	\$9,306,001
		Class A Units (2,000 units)		2,000,000	2,432,000
			9,500,000	11,306,001	11,738,001
WSO Holdings, LP (0%)*	Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer	Common Points (3,000 points)		3,000,000	2,057,000
				3,000,000	2,057,000
Subtotal Non-Control / Non-Affiliate Investments			648,689,038	686,166,666	651,682,278
Affiliate Investments:					
All Aboard America! Holdings Inc. (3%)*	Motor Coach Operator	Subordinated Note (12% Cash, 3% PIK, Due 12/17)	14,743,404	14,566,509	14,566,509
		Membership Units in LLC		2,185,492	2,609,000
			14,743,404	16,752,001	17,175,509
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Lighting Wholesale and Distribution	Subordinated Note (12% Cash, 2% PIK, Due 06/16)	7,120,453	7,107,472	7,107,472
		Membership Units (8,364 units)		620,653	1,352,000
			7,120,453	7,728,125	8,459,472
Asset Point, LLC (2%)*	Asset Management Software Provider	Senior Note (11.3% Cash, 4.8% PIK, Due 03/15)	8,085,433	8,085,431	8,085,431
		Subordinated Note (12% Cash, 2% PIK, Due 07/15)	659,597	659,597	659,597
		Membership Units (1,000,000 units)		8,203	—
		Options to Purchase Membership Units (342,407 units)		500,000	224,000
		Membership Unit Warrants (356,506 units)		—	—
			8,745,030	9,253,231	8,969,028
Captex Softgel International, Inc. (4%)*	Nutraceutical Manufacturer	Subordinated Note (9.5% Cash, Due 02/20)	16,872,635	16,722,119	16,722,119
		Class A Units (80,000 units)		737,468	1,700,000
			16,872,635	17,459,587	18,422,119
CIS Secure Computing Inc. (2%)*	Secure Communications	Subordinated Note (12% Cash, 4% PIK, Due 06/17)	10,999,024	10,936,749	10,242,999

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	and Computing Solutions Provider	Common Stock (84 shares)	10,999,024	502,320 11,439,069	— 10,242,999
DPII Holdings, LLC (1%)*	Satellite Communication Business	Senior Note (12% Cash, 4% PIK, Due 07/17)	3,487,701	3,434,631	3,434,631
		Class A Membership Interest (17,308 units)		1,107,692	1,107,692
			3,487,701	4,542,323	4,542,323
Dyson Corporation (0%)*	Custom Forging and Fastener Supplies	Common Units (1,000,000 units)		1,000,000	—
				1,000,000	—
Frank Entertainment Group, LLC (3%)*	Movie Theatre and Family Entertainment Operator	Senior Note (10% Cash, 5.8% PIK, Due 06/18)	9,311,524	9,197,949	9,197,949
		Class A Redeemable Preferred Units (10.5% Cash) (196,718 units)		3,934,666	4,566,904
		Class B Redeemable Preferred Units (18,667 units)		433,334	1,660,810
		Class A Common Units (43,077 units)		1,000,000	—
		Class A Common Warrants	9,311,524	632,000	—
			15,197,949	15,425,663	
Halcyon Healthcare, LLC (3%)*	Provider of Hospice Services	Subordinated Note (11% Cash, Due 10/19)	11,500,000	11,287,799	11,287,799
		Preferred Interests (2,000,000 interests)		2,000,000	2,000,000
			11,500,000	13,287,799	13,287,799
Main Street Gourmet, LLC (1%)*	Baked Goods Provider	Jr. Subordinated Notes (8% Cash, 2% PIK, Due 08/19)	766,643	758,896	758,896
		Preferred Units (233 units)		211,867	341,000
		Common B Units (3,000 units)		23,140	997,000
		Common A Units (1,652 units)		14,993	549,000
		766,643	1,008,896	2,645,896	
Minco Technology Labs, LLC (0%)*	Semiconductor Distribution	Class A Units (5,000 HoldCo. units)		500,000	—
		Class A Units (3,907 OpCo. units)		3,907	—
				503,907	—

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
NB Products, Inc. (6%)*	Distributor of Work Apparel and Accessories	Subordinated Note (12% Cash, 2% PIK, Due 02/20)	\$20,414,298	\$19,968,020	\$19,968,020
		Subordinated Note (10% PIK, Due 02/20)	3,958,678	3,802,675	3,802,675
		Series A Redeemable Senior Preferred Stock (7,839 shares)		7,621,648	7,621,648
		Common Stock (1,668,691 shares)		333,738	333,738
			24,372,976	31,726,081	31,726,081
PCX Aerostructures, LLC (4%)*	Aerospace Component Manufacturer	Subordinated Note (11% Cash, 3% PIK, Due 04/19)	19,571,387	19,248,121	19,248,121
		Series A Preferred Stock (5,344 shares)		5,343,953	4,165,000
		Class A Common Stock (107,416 shares)		26,854	—
		19,571,387	24,618,928	23,413,121	
Playhaven, LLC (4%)*	Mobile Game Advertising Network	Senior Note (9.5% Cash, 2.5% PIK, Due 09/19)	22,055,410	20,900,516	22,055,410
		Class A Common Units (999,999 units)		869,999	405,999
		Class C Common Units (1 unit)		5,001	5,001
		22,055,410	21,775,516	22,466,410	
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)		563,602	409,000
				563,602	409,000
Technology Crops International (2%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/18)	10,831,335	10,831,334	10,831,334
		Common Units (50 units)		500,000	199,000
			10,831,335	11,331,334	11,030,334
TGaS Advisors, LLC (2%)*	Advisory Solutions to Pharmaceutical Companies	Senior Note (10% Cash, 1% PIK, Due 11/19)	9,934,920	9,714,701	9,714,701
		Preferred Units (1,685,357 units)		1,685,357	1,685,357
			9,934,920	11,400,058	11,400,058
UCS Super HoldCo LLC (1%)*	Squid and Wetfish Processor and Distributor	Membership Units (1,000 units)		1,000,000	1,000,000
		Participation Interest		2,000,000	2,000,000
				3,000,000	3,000,000
		Preferred A Units (90,000 units)		900,000	952,000

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United Retirement Plan Consultants, Inc. (0%)*	Retirement Plan Administrator	Common Units (10,000 units)	100,000	—	—
			1,000,000	952,000	
Venture Technology Groups, Inc. (0%)*	Fluid and Gas Handling Products Distributor	Subordinated Note (12.5% Cash, 4% PIK, Due 09/16) ⁽⁶⁾	333,762	234,545	225,000
			333,762	234,545	225,000
		Class A Preferred Units (280 units)		2,251,100	—
Waste Recyclers Holdings, LLC (0%)*	Environmental and Facilities Services	Class B Preferred Units (11,484,867 units)		3,304,218	1,736,000
		Common Unit Purchase Warrant (1,170,083 units)		748,900	—
		Common Units (153,219 units)		180,783	—
				6,485,001	1,736,000
Wythe Will Tzetzto, LLC (1%)*	Confectionery Goods Distributor	Series A Preferred Units (99,829 units)		—	7,727,000
				—	7,727,000
Subtotal Affiliate Investments			170,646,204	210,307,952	213,255,812
Control Investments:					
		Subordinated Note (13% Cash, Due 07/15) ⁽⁶⁾	516,449	375,000	375,000
		Subordinated Note (8.5% Cash, Due 07/15) ⁽⁶⁾	4,219,315	3,000,000	552,000
Gerli & Company (0%)*	Specialty Woven Fabrics Manufacturer	Class A Preferred Shares (1,211 shares)		855,000	—
		Class C Preferred Shares (744 shares)		—	—
		Class E Preferred Shares (400 shares)		161,440	—
		Common Stock (300 shares)		100,000	—
			4,735,764	4,491,440	927,000

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TRIANGLE CAPITAL CORPORATION
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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
		Subordinated Note (12% Cash, 3% PIK, Due 08/17) ⁽⁶⁾	\$ 13,022,400	\$ 11,487,784	\$ 4,559,000
PartsNow!, LLC (1%)*	Printer Parts Distributor	Preferred Membership Units (4,000,000 units)		4,000,000	—
		Common Member Units (1,500,000 units)		1,429,539	—
		Royalty Rights	13,022,400	16,917,323	4,559,000
SRC Worldwide, Inc. (1%)*	Specialty Chemical Manufacturer	Common Stock (5,000 shares)		8,228,000	6,987,000
				8,228,000	6,987,000
Subtotal Control Investments			17,758,164	29,636,763	12,473,000
Total Investments, March 31, 2015 (169%)*			\$ 837,093,406	\$ 926,111,381	\$ 877,411,090

* Fair value as a percent of net assets

(1) All debt investments are income producing, unless otherwise noted. Equity and equity-linked investments are non-income producing, unless otherwise noted.

(2) Disclosures of interest rates on notes include cash interest rates and payment-in-kind ("PIK") interest rates.

(3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.

Investment is not a qualifying investment as defined under Section 55(a) of the Investment Company Act of 1940.

Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional

(4) non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying asset until such time as it complies with the requirements of Section 55(a).

(5) PIK non-accrual investment

(6) Non-accrual investment

See accompanying notes.

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Non-Control / Non-Affiliate Investments:					
Agilex Flavors & Fragrances, Inc. (3%)*	Custom Fragrance Producer	Subordinated Note (12% Cash, 1.5% PIK, Due 06/19)	\$ 12,892,286	\$ 12,699,948	\$ 12,699,948
		Common Units (1,250 units)		1,250,000	2,253,000
			12,892,286	13,949,948	14,952,948
AGM Automotive, LLC (5%)*	Auto Industry Interior Components Supplier	Subordinated Note (10% Cash, 3% PIK, Due 07/19)	25,583,924	25,139,063	25,139,063
		Class A Units (1,500,000 units)		1,500,000	2,858,000
			25,583,924	26,639,063	27,997,063
Applied-Cleveland Holdings, Inc. (5%)*	Oil and Gas Pipeline Infrastructure Inspection Services	Subordinated Note (10% Cash, 2% PIK, Due 06/19)	23,000,000	22,679,661	22,679,661
		Class A Units (2,129,032 units)		2,129,032	2,367,000
			23,000,000	24,808,693	25,046,661
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 shares)		516,867	1,102,000
					516,867
Audio and Video Labs Holdings, Inc. (3%)*	Manufacturer and Distributor for Independent Artists and Authors	Subordinated Note (12% Cash, 2% PIK, Due 06/18)	13,540,605	13,356,317	13,356,317
		Common Stock (138 shares)		1,300,000	1,653,000
			13,540,605	14,656,317	15,009,317
BFN Operations LLC (3%)*	Wholesale Grower and Distributor of Container Grown Shrubs, Trees and Plants	Subordinated Note (13% Cash, 4% PIK, Due 03/16)	18,274,695	17,996,182	15,768,000
			18,274,695	17,996,182	15,768,000
Botanical Laboratories, Inc. (0%)*	Nutritional Supplement Manufacturing and Distribution	Common Stock Warrants (998,680 shares)		237,301	240,000
					237,301
Cafe Enterprises, Inc. (2%)*	Restaurant	Subordinated Note (12% Cash, 2% PIK, Due 09/19)	12,189,999	11,974,291	11,974,291
		Series C Preferred Stock (10,000 shares)		1,000,000	1,000,000

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			12,189,999	12,974,291	12,974,291
Capital Contractors, Inc. (2%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) ⁽⁵⁾	9,761,380	9,543,757	6,648,000
		Common Stock Warrants (20 shares)		492,000	—
			9,761,380	10,035,757	6,648,000
Carolina Beverage Group, LLC (0%)*	Beverage Manufacturing and Packaging	Class B Units (11,974 units)		119,735	411,000
				119,735	411,000
Chromaflo Technologies Parent LP (2%)*	Colorant Manufacturer and Distributor	Second Lien Term Loan (8.3% Cash, Due 06/20)	10,000,000	9,956,076	9,956,076
		Class A Units (22,561 units)		906,604	2,163,000
			10,000,000	10,862,680	12,119,076
Comverge, Inc. (3%)*	Provider of Intelligent Energy Management Solutions	Senior Note (12% Cash, Due 05/18)	15,505,583	15,299,494	15,299,494
		Preferred Stock (703 shares)		554,458	547,000
		Common Stock (1,000,000 shares)		100,000	—
			15,505,583	15,953,952	15,846,494
Continental Anesthesia Management, LLC (2%)*	Physicians Management Services	Subordinated Note (9% Cash, 5% PIK Due 04/15)	10,258,619	10,249,950	10,249,950
		Warrant (263 shares)		276,100	119,000
			10,258,619	10,526,050	10,368,950
CP Power Ultimate HoldCo, LLC (0%)*	Demand Response Business	Units (345,542 units)		345,542	345,542
				345,542	345,542
CRS Reprocessing, LLC (2%)*	Fluid Reprocessing Services	Senior Note (3.7% cash, Due 06/15)	1,140,000	1,140,000	1,140,000
		Subordinated Note (12% Cash, 2% PIK, Due 11/15) ⁽⁶⁾	14,057,486	13,206,015	6,974,000
		Subordinated Note (12% Cash, 2% PIK, Due 11/15) ⁽⁶⁾	14,217,209	12,705,812	3,755,000
		Series C Preferred Units (30 units)		288,342	—
		Common Unit Warrant (1,406 units)		1,759,556	—
		Series D Preferred Units (16 units)		107,074	—
		Series E Preferred Units (5 units)		31,651	—
		29,414,695	29,238,450	11,869,000	

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
CWS Acquisition Corp. (3%)*	Manufacturer of Custom Windows and Sliding Doors	Subordinated Note (11% Cash, 2% PIK, Due 01/20)	\$ 16,238,028	\$ 15,975,521	\$ 15,975,521
		1,500,000 Class A Units		1,500,000	1,500,000
			16,238,028	17,475,521	17,475,521
Danville Materials, LLC (2%)*	Manufacturer of Dental Products	Subordinated Note (10% Cash, Due 12/18)	8,000,000	7,867,746	7,867,746
		Common Units (45,492 units)		500,000	669,000
			8,000,000	8,367,746	8,536,746
DataSource Incorporated (1%)*	Print Supply Chain Management Services	Subordinated Note (12% Cash, 2% PIK, Due 01/18)	4,865,035	4,758,855	4,758,855
		Common Units (47 units)		1,000,000	986,000
			4,865,035	5,758,855	5,744,855
DCWV Acquisition Corporation (1%)*	Arts & Crafts and Home Decor Products Designer and Supplier	Subordinated Note (12% Cash, 3% PIK, Due 09/17) ⁽⁵⁾	6,518,211	6,166,804	3,260,000
		Series A Preferred Equity (500 shares)		500,000	—
			6,518,211	6,666,804	3,260,000
DialogDirect, Inc. (4%)*	Business Process Outsourcing Provider	Subordinated Note (12% Cash, 1.5% PIK, Due 04/20)	24,067,084	23,835,050	23,835,050
			24,067,084	23,835,050	23,835,050
DLC Acquisition, LLC (4%)*	Staffing Firm	Senior Note (10% Cash, Due 07/19)	21,750,000	21,315,528	21,315,528
			21,750,000	21,315,528	21,315,528
DLR Restaurants, LLC (0%)*	Restaurant	Royalty Rights		—	—
Dyno Acquiror, Inc. (1%)*	Sewing Products and Seasonal Decorative Products Supplier	Subordinated Note (12% Cash, 2% PIK, Due 11/18)	7,236,264	7,127,844	7,127,844
		Series A Units (600,000 units)		600,000	336,000
			7,236,264	7,727,844	7,463,844
Eckler's Holdings, Inc. (1%)*	Restoration Parts and Accessories for	Subordinated Note (11% Cash, 4% PIK, Due 07/18)	7,376,429	7,262,454	5,578,000
		Common Stock (18,029 shares)		183,562	—

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	Classic Cars and Trucks	Preferred Stock A (1,596 shares)	7,376,429	1,596,126 9,042,142	— 5,578,000
Electronic Systems Protection, Inc. (0%)*	Power Protection Systems Manufacturing	Common Stock (570 shares)		285,000 285,000	487,000 487,000
FCL Graphics, Inc. (0%)*	Commercial Printing Services	Senior Note (4.7% Cash, Due 09/16)	1,196,615	1,196,615	1,002,000
		Senior Note (7.8% Cash, 2% PIK, Due 09/16) ⁽⁵⁾	1,219,837	1,207,439	—
			2,416,452	2,404,054	1,002,000
Flowchem Ltd. (2%)*	Provider of Support Services to Crude Oil Pipeline Operators	Subordinated Note (11% Cash, 2% PIK, Due 06/19)	7,917,430	7,784,193	7,784,193
		Common Units (1,000,000 units)		1,000,000	1,125,000
			7,917,430	8,784,193	8,909,193
FrontStream Payments, Inc. (2%)*	Payment and Donation Management Product Service Provider	Senior Note (12% Cash, 2% PIK, Due 08/18)	11,561,375	11,388,555	11,388,555
			11,561,375	11,388,555	11,388,555
Frontstreet Facility Solutions, Inc. (1%)*	Retail, Restaurant and Commercial Facilities Maintenance	Subordinated Note (11% Cash, 2% PIK, Due 07/18)	8,462,629	8,368,102	4,200,000
		Convertible Preferred Units (2,500 units)		250,000	—
			8,462,629	8,618,102	4,200,000
Frozen Specialties, Inc. (2%)*	Frozen Foods Manufacturer	Subordinated Note (10% Cash, 4% PIK, Due 05/17)	12,613,686	12,613,686	10,127,000
			12,613,686	12,613,686	10,127,000
Garden Fresh Restaurant Holding, LLC (0%)*	Restaurant	Class A Units (5,000 units)		500,000	—
				500,000	—
Gilchrist & Soames, Inc. (7%)*	Manufacturer of Personal Care Products	Subordinated Debt (10% Cash, 1.5% PIK, Due 11/19)	\$35,064,167	\$34,539,167	\$34,539,167
			35,064,167	34,539,167	34,539,167

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
GST AutoLeather, Inc. (4%)*	Supplier of Automotive Interior Leather	Subordinated Note (11% Cash, 2% PIK, Due 01/21)	22,213,179	21,794,748	21,794,748
			22,213,179	21,794,748	21,794,748
Hatch Chile Co., LLC (1%)*	Food Products Distributor	Subordinated Note (19% Cash, Due 11/18) Subordinated Note (14% Cash, Due 11/18) Unit Purchase Warrant (7,817 units)	2,953,125	2,936,635	2,936,635
			3,234,375	3,043,787	3,043,787
			6,187,500	295,800	506,000
			6,276,222	6,486,422	
Hickman's Egg Ranch, Inc. (3%)*	Egg Producer	Subordinated Note (12% Cash, Due 06/19)	15,049,229	14,771,894	14,771,894
			15,049,229	14,771,894	14,771,894
HKW Capital Partners IV, L.P. (0%)* ⁽⁴⁾	Multi-Sector Holdings	Limited Partnership Interest		705,243	796,000
				705,243	796,000
Huron, Inc. (3%)*	Parts Supplier to Automotive Industry	Subordinated Note (10% Cash, 3% PIK, Due 08/18)	13,750,964	13,689,208	13,689,208
			13,750,964	13,689,208	13,689,208
Infrastructure Corporation of America, Inc. (3%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 2% PIK, Due 09/18) Common Stock Purchase Warrant (487,877 shares)	11,421,569	10,184,728	11,422,000
				2,411,000	2,525,000
			11,421,569	12,595,728	13,947,000
Inland Pipe Rehabilitation Holding Company LLC (2%)*	Cleaning and Repair Services	Subordinated Note (13% Cash, 2.5% PIK, Due 12/16) Membership Interest Purchase Warrant (3%)	8,604,721	8,470,664	8,470,664
				853,500	760,000
			8,604,721	9,324,164	9,230,664
IOS Acquisitions, Inc. (4%)*	Inspections and Repair Services for Oil Industry	Subordinated Note (12% Cash, 3.3% PIK, Due 06/18) Common Units (7,314 Class A Units)	20,205,519	19,931,514	19,931,514
				1,699,847	1,664,000
			20,205,519	21,631,361	21,595,514
			14,777,458	14,591,250	14,591,250

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Justrite Manufacturing Company, LLC (3%)*	Storage Product Developer and Supplier for Hazardous Materials	Subordinated Note (10% Cash, 2% PIK, Due 07/19) Class A Common Units (1,268 units) Class A Preferred Units (132 units)	14,777,458	118,110 131,890 14,841,250	155,000 171,000 14,917,250
	Library Systems & Services, LLC (0%)*	Municipal Business Services		Common Unit Warrants (112 units)	58,995 2,322,000
					58,995 2,322,000
Magpul Industries Corp. (1%)*	Firearm Accessories Manufacturer and Distributor	Preferred Units (1,470 units)		1,470,000	2,297,000
		Common Units (30,000 units)		30,000	1,513,000
Media Storm, LLC (1%)*	Marketing Services	Subordinated Note (10% Cash, Due 08/19)	6,545,455	6,474,409	6,474,409
		Membership Units (1,216,204 units)		1,176,957	1,465,000
			6,545,455	7,651,366	7,939,409
Micross Solutions LLC (4%)*	Provider of Semiconductor Products and Services	Subordinated Note (12% Cash, 3% PIK, Due 06/18)	16,800,137	16,606,535	16,606,535
		Class A-2 Common Units (1,979,524 units)		2,019,693	2,019,693
			16,800,137	18,626,228	18,626,228
Minco Technology Labs, LLC (1%)*	Semiconductor Distribution	Subordinated Note (6.5% Cash, 3.5% PIK, Due 12/16) ⁽⁶⁾	6,342,724	5,484,627	5,000,000
		Class A Units (5,000 HoldCo. units)		500,000	—
		Class A Units (3,907 OpCo. units)		3,907	—
		6,342,724	5,988,534	5,000,000	
My Alarm Center, LLC (0%)*	Security Company	Preferred Units (2,000,000 units)		2,000,000	1,886,000
				2,000,000	1,886,000
Nautic Partners VII, LP (0%)*	Multi-Sector Holdings	Limited Partnership Interest		243,519	243,519
				243,519	243,519
On Event Services, LLC (2%)*	Equipment Rentals	Subordinated Note (10% Cash, 2% PIK, Due 01/19)	\$9,946,213	\$9,782,913	\$9,782,913
			9,946,213	9,782,913	9,782,913

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
		Subordinated Note (10% Cash, Due 11/19)	22,942,500	22,495,703	22,495,703
Orchid Underwriters Agency, LLC (5%)*	Insurance Underwriter	Class A Preferred Units (15,000 units)		1,500,000	1,500,000
		Class A Common Units (15,000 units)		—	—
			22,942,500	23,995,703	23,995,703
Performance Health & Wellness Holdings, Inc. (2%)*	Rehabilitation and Wellness Products	Subordinated Note (12% Cash, 1% PIK, Due 04/19)	6,735,850	6,592,236	6,648,000
		Class A Limited Partnership Units (15,000 units)		1,500,000	3,304,000
			6,735,850	8,092,236	9,952,000
PowerDirect Marketing, LLC (1%)*	Marketing Services	Subordinated Note (13% Cash, 2% PIK, Due 12/16) ⁽⁶⁾	7,535,807	6,613,149	3,778,000
		Common Unit Purchase Warrants		590,200	—
			7,535,807	7,203,349	3,778,000
Sheplers, Inc. (2%)*	Western Apparel Retailer	Subordinated Note (13.2% Cash, Due 12/16)	8,750,000	8,645,362	8,645,362
		Subordinated Note (10% Cash, 7% PIK, Due 12/17)	4,625,067	4,590,571	4,590,571
			13,375,067	13,235,933	13,235,933
SPC Partners V, LP (0%)* ⁽⁴⁾	Multi-Sector Holdings	0.7% Limited Partnership Interest		725,083	725,083
				725,083	725,083
Specialized Desanders, Inc. (4%)* ⁽⁴⁾	Sand and Particulate Removal Equipment Provider for Oil and Gas Companies	Subordinated Note (12% Cash, 2% PIK, Due 03/20)	16,110,043	15,874,586	14,384,427
		LLP Units (2,000,000 units)		1,937,421	5,131,000
			16,110,043	17,812,007	19,515,427
Stella Environmental Services, LLC (0%)*	Waste Transfer Stations	Common Stock Purchase Warrants (2,500 shares)		20,000	1,787,000
				20,000	1,787,000
TACH Holdings, Inc. (f/k/a Trinity Consultants Holdings, Inc.) (3%)*	Air Quality Consulting Services	Subordinated Note (10% Cash, 3% PIK, Due 08/20)	15,174,201	15,050,945	15,050,945
		Series A1 Preferred Stock (10,000 units)		—	104,000
		Common Stock (50,000 units)		50,000	932,000

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			15,174,201	15,100,945	16,086,945
Tate's Bake Shop (2%)*	Producer of Baked Goods	Subordinated Note (10% Cash, 3% PIK, Due 02/20) Limited Partnership Investment	10,105,217	9,912,146	9,912,146
				999,000	1,129,000
			10,105,217	10,911,146	11,041,146
TCFI Merlin LLC (3%)*	Specialty Staffing Service Provider	Senior Note (10% Cash, 1% PIK, Due 09/19) Limited Partnership Units (500,000 units)	15,042,126	14,753,871	14,753,871
				500,000	500,000
			15,042,126	15,253,871	15,253,871
The Cook & Boardman Group, LLC (3%)*	Distributor of Doors and Related Products	Subordinated Note (10% Cash, 2.5% PIK, Due 03/20) Class A Units (1,400,000 units)	14,108,034	13,837,735	13,837,735
				1,400,000	1,400,000
			14,108,034	15,237,735	15,237,735
The Krystal Company (1%)*	Restaurant	Class A Units of Limited Partnership (2,000 units)		638,260	2,928,000
				638,260	2,928,000
Top Knobs USA, Inc. (0%)*	Hardware Designer and Distributor	Common Stock (26,593 shares)		333,994	1,395,000
				333,994	1,395,000
United Biologics, LLC (3%)*	Allergy Immunotherapy	Subordinated Note (12% Cash, 2% PIK, Due 03/17) Class A Common Stock (177,935 shares) Class A-1 Common Stock (18,818 shares) Class A-1 Common Kicker Stock (14,114 shares) Class A, Class A-1, Class A-1 Kicker & Class B Unit Purchase Warrants	12,870,825	12,288,416	12,288,416
				1,999,989	861,000
				137,324	137,000
				—	—
				838,117	202,000
			12,870,825	15,263,846	13,488,416
United Retirement Plan Consultants, Inc. (0%)*	Retirement Plan Administrator	Preferred A Units (90,000 units) Common Units (10,000 units)		\$ 900,000	\$ 1,215,000
				100,000	—
				1,000,000	1,215,000

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Water Pik, Inc. (2%)*	Oral Health and Shower Head Supplier	Second Lien Term Loan (9.8% Cash, Due 01/21)	\$8,315,789	8,014,819	8,014,819
			8,315,789	8,014,819	8,014,819
Wheel Pros Holdings, Inc. (2%)*	Wheel/Rim and Performance Tire Distributor	Subordinated Note (11% Cash, Due 06/20) Class A Units (2,000 units)	9,500,000	9,299,238	9,299,238
			9,500,000	2,000,000	2,303,000
WSO Holdings, LP (0%)*	Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer	Common Points (3,000 points)		3,000,000	2,084,000
				3,000,000	2,084,000
Yellowstone Landscape Group, Inc. (4%)*	Landscaping Services	Subordinated Note (10% Cash, 2.5% PIK, Due 02/19)	20,377,350	20,431,075	20,577,000
			20,377,350	20,431,075	20,577,000
Subtotal Non-Control / Non-Affiliate Investments			678,546,053	717,233,688	693,312,886
Affiliate Investments:					
All Aboard America! Holdings Inc. (3%)*	Motor Coach Operator	Subordinated Note (12% Cash, 3% PIK, Due 12/17) Membership Units in LLC	14,633,379	14,442,239	14,442,239
			14,633,379	2,185,492	2,207,492
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Lighting Wholesale and Distribution	Subordinated Note (12% Cash, 2% PIK, Due 06/16) Membership Units (8,364 units)	7,084,969	7,069,614	7,069,614
			7,084,969	620,653	936,000
AP Services, Inc. (0%)*	Fluid Sealing Supplies and Services	Class A Units (933 units) Class B Units (496 units)		1,486	2,394
				—	1,272
Asset Point, LLC (2%)*	Asset Management Software Provider	Senior Note (11.3% Cash, 4.8% PIK, Due 03/15) Subordinated Note (12% Cash, 2% PIK, Due 07/15) Membership Units (1,000,000 units) Options to Purchase Membership Units (342,407 units)	7,990,174	7,990,172	7,990,172
			656,310	656,310	656,310
				8,203	—
				500,000	204,000

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		Membership Unit Warrants (356,506 units)	—	—
			8,646,484	9,154,685 8,850,482
Captek Softgel International, Inc. (3%)*	Nutraceutical Manufacturer	Subordinated Note (9.5% Cash, Due 02/20)	16,872,635	16,715,906 16,715,906
		Class A Units (80,000 units)		737,468 1,719,000
			16,872,635	17,453,374 18,434,906
CIS Secure Computing Inc. (2%)*	Secure Communications and Computing Solutions Provider	Subordinated Note (12% Cash, 4% PIK, Due 06/17)	10,889,763	10,813,037 10,035,000
		Common Stock (84 shares)		502,320 40,000
			10,889,763	11,315,357 10,075,000
DPII Holdings, LLC (1%)*	Satellite Communication Business	Senior Note (12% Cash, 4% PIK, Due 07/17)	3,453,055	3,394,913 3,394,913
		Class A Membership Interest (17,308 units)		1,107,692 1,107,692
			3,453,055	4,502,605 4,502,605
Dyson Corporation (0%)*	Custom Forging and Fastener Supplies	Common Units (1,000,000 units)		1,000,000 324,000
				1,000,000 324,000
Frank Entertainment Group, LLC (3%)*	Movie Theatre and Family Entertainment Operator	Senior Note (10% Cash, 5.8% PIK, Due 06/18)	8,633,927	8,513,033 8,513,033
		Class A Redeemable Preferred Units (10.5% Cash) (189,744 units)		3,772,762 4,405,000
		Class B Redeemable Preferred Units (13,333 units)		309,524 1,537,000
		Class A Common Units (43,077 units)		1,000,000 —
		Class A Common Warrants		632,000 —
			8,633,927	14,227,319 14,455,033

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Halcyon Healthcare, LLC (3%)*	Provider of Hospice Services	Subordinated Note (11% Cash, Due 10/19)	\$ 11,500,000	\$ 11,278,779	\$ 11,278,779
		Preferred Interests (2,000,000 interests)		2,000,000	2,000,000
			11,500,000	13,278,779	13,278,779
Main Street Gourmet, LLC (1%)*	Baked Goods Provider	Jr. Subordinated Notes (8% Cash, 2% PIK, Due 04/17)	762,829	754,197	754,197
		Preferred Units (233 units)		211,867	333,000
		Common B Units (3,000 units)		23,140	1,108,000
		Common A Units (1,652 units)		14,993	610,000
		762,829	1,004,197	2,805,197	
PCX Aerostructures, LLC (5%)*	Aerospace Component Manufacturer	Subordinated Note (11% Cash, 3% PIK, Due 04/19)	19,425,333	19,087,302	19,087,302
		Series A Preferred Stock (5,344 shares)		5,343,953	5,343,953
		Class A Common Stock (107,416 shares)		26,854	26,854
			19,425,333	24,458,109	24,458,109
Playhaven, LLC (4%)*	Mobile Game Advertising Network	Senior Note (9.5% Cash, 2.5% PIK, Due 09/19)	21,918,134	20,712,285	20,712,285
		Class A Common Units (999,999 units)		869,999	869,999
		Class C Common Units (1 unit)		5,001	5,001
		21,918,134	21,587,285	21,587,285	
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)		563,602	470,000
				563,602	470,000
Technology Crops International (2%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/18)	10,697,064	10,670,076	10,670,076
		Common Units (50 units)		500,000	162,000
			10,697,064	11,170,076	10,832,076
TGaS Advisors, LLC (2%)*	Advisory Solutions to Pharmaceutical Companies	Senior Note (10% Cash, 1% PIK, Due 11/19)	9,972,212	9,742,396	9,742,396
		Preferred Units (1,685,357 units)		1,685,357	1,685,357
			9,972,212	11,427,753	11,427,753
UCS Super HoldCo LLC (1%)*	Squid and Wetfish Processor and	Membership Units (1,000 units)		1,000,000	1,000,000
		Participation Interest		2,000,000	2,000,000
				3,000,000	3,000,000

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		Distributor			
Venture Technology Groups, Inc. (0%)*	Fluid and Gas Handling Products Distributor	Subordinated Note (12.5% Cash, 4% PIK, Due 09/16) ⁽⁶⁾	320,365	234,545	225,000
			320,365	234,545	225,000
Waste Recyclers Holdings, LLC (0%)*	Environmental and Facilities Services	Class A Preferred Units (280 units)		2,251,100	—
		Class B Preferred Units (11,484,867 units)		3,304,218	1,727,000
		Common Unit Purchase Warrant (1,170,083 units)		748,900	—
		Common Units (153,219 units)		180,783	—
			6,485,001	1,727,000	
Wythe Will Tzetzto, LLC (1%)*	Confectionery Goods Distributor	Series A Preferred Units (99,829 units)		—	7,823,000
				—	7,823,000
Subtotal Affiliate Investments			144,810,149	175,182,171	178,935,236
Control Investments:					
Gerli & Company (0%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (13% Cash, Due 07/15) ⁽⁶⁾	500,193	375,000	375,000
		Subordinated Note (8.5% Cash, Due 07/15) ⁽⁶⁾	4,131,520	3,000,000	543,000
		Class A Preferred Shares (1,211 shares)		855,000	—
		Class C Preferred Shares (744 shares)		—	—
		Class E Preferred Shares (400 shares)		161,440	—
		Common Stock (300 shares)	4,631,713	100,000	—
				4,491,440	918,000

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
		Subordinated Note (12% Cash, 3% PIK, Due 08/17) ⁽⁶⁾	\$ 12,545,858	\$ 11,487,784	\$ 6,233,000
PartsNow!, LLC (1%)*	Printer Parts Distributor	Preferred Membership Units (4,000,000 units)		4,000,000	—
		Common Member Units (1,500,000 units)		1,429,539	—
		Royalty Rights		—	—
			12,545,858	16,917,323	6,233,000
SRC Worldwide, Inc. (1%)*	Specialty Chemical Manufacturer	Common Stock (5,000 shares)		8,228,000	7,824,000
				8,228,000	7,824,000
Subtotal Control Investments			17,177,571	29,636,763	14,975,000
Total Investments, December 31, 2014 (167%)*			\$ 840,533,773	\$ 922,052,622	\$ 887,223,122

* Fair value as a percent of net assets

(1) All debt investments are income producing, unless otherwise noted. Equity and equity-linked investments are non-income producing, unless otherwise noted.

(2) Disclosures of interest rates on notes include cash interest rates and payment-in-kind ("PIK") interest rates.

(3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.

Investment is not a qualifying investment as defined under Section 55(a) of the Investment Company Act of 1940.

Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional

(4) non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying asset until such time as it complies with the requirements of Section 55(a).

(5) PIK non-accrual investment

(6) Non-accrual investment

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION

Notes to Unaudited Consolidated Financial Statements

1. ORGANIZATION, BUSINESS AND BASIS OF PRESENTATION

Organization and Business

Triangle Capital Corporation and its wholly owned subsidiaries, including Triangle Mezzanine Fund LLLP (“Triangle SBIC”) and Triangle Mezzanine Fund II LP (“Triangle SBIC II”) (collectively, the “Company”), operate as a Business Development Company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). Triangle SBIC and Triangle SBIC II are specialty finance limited partnerships formed to make investments primarily in lower middle market companies located throughout the United States. On September 11, 2003, Triangle SBIC was licensed to operate as a Small Business Investment Company (“SBIC”) under the authority of the United States Small Business Administration (“SBA”). On May 26, 2010, Triangle SBIC II obtained its license to operate as an SBIC. As SBICs, both Triangle SBIC and Triangle SBIC II are subject to a variety of regulations concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments.

The Company currently operates as a closed-end, non-diversified investment company and has elected to be treated as a BDC under the 1940 Act. The Company is internally managed by its executive officers under the supervision of its Board of Directors. The Company does not pay management or advisory fees, but instead incurs the operating costs associated with employing executive management and investment and portfolio management professionals.

Basis of Presentation

The financial statements of the Company include the accounts of Triangle Capital Corporation and its wholly-owned subsidiaries, including Triangle SBIC and Triangle SBIC II. The effects of all intercompany transactions between Triangle Capital Corporation and its subsidiaries have been eliminated in consolidation. Under the investment company rules and regulations pursuant to Article 6 of Regulation S-X and FASB Accounting Standards Codification Topic 946, Financial Services - Investment Companies, the Company is precluded from consolidating portfolio company investments, including those in which it has a controlling interest, unless the portfolio company is another investment company. An exception to this general principle occurs if the Company holds a controlling interest in an operating company that provides all or substantially all of its services directly to the Company or to its portfolio companies. None of the portfolio investments made by the Company qualify for this exception. Therefore, the Company's investment portfolio is carried on the Consolidated Balance Sheets at fair value, as discussed further in Note 2, with any adjustments to fair value recognized as “Net Unrealized Appreciation (Depreciation)” on the Unaudited Consolidated Statements of Operations.

The accompanying unaudited financial statements are presented in conformity with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for the fair presentation of financial statements for the interim period, have been reflected in the unaudited consolidated financial statements. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Additionally, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Recently Issued Accounting Standards

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs, (“ASU 2015-03”). ASU 2015-03 requires that debt issuance costs related to a recognized liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for interim and annual periods beginning after December 15, 2015. The Company elected early adoption of this standard on January 1, 2015. As a

result, deferred financing fees are no longer presented as an asset on the Company's Consolidated Balance Sheets, but are included as a reduction in the carrying amount of the Company's debt securities. In addition, the Company's Consolidated Balance Sheet as of December 31, 2014 has been adjusted to reflect the effects of adoption of ASU 2015-03 on a retrospective basis.

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Reclassifications

Certain reclassifications have been made in the financial highlights for the three months ended March 31, 2014 in order to conform to current presentation. The Company had historically presented the ratio of total expenses to average net assets exclusive of provision for taxes. This ratio is currently presented including provision for taxes.

2. INVESTMENTS

Portfolio Composition

The Company primarily invests in subordinated debt securities of privately held companies, generally secured by second lien security interests in portfolio company assets. In addition, the Company generally invests in an equity instrument of the borrower, such as warrants to purchase common stock in the portfolio company or direct preferred or common equity interests. On a more limited basis, the Company also invests in senior debt securities secured by first lien security interests in portfolio companies. The Company's investments generally range from \$5.0 million to \$35.0 million per portfolio company.

The cost basis of the Company's debt investments includes any unamortized original issue discount, unamortized loan origination fees and payment-in-kind ("PIK") interest, if any. Summaries of the composition of the Company's investment portfolio at cost and fair value, and as a percentage of total investments, are shown in the following tables:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio	
March 31, 2015:					
Subordinated debt and 2 nd lien notes	\$698,247,977	75	% \$647,418,160	74	%
Senior debt and 1 st lien notes	118,716,464	13	118,635,958	13	
Equity shares	102,403,466	11	107,153,972	12	
Equity warrants	6,743,474	1	4,203,000	1	
Royalty rights	—	—	—	—	
	\$926,111,381	100	% \$877,411,090	100	%
December 31, 2014:					
Subordinated debt and 2 nd lien notes	\$703,800,176	76	% \$660,377,024	74	%
Senior debt and 1 st lien notes	116,654,301	13	115,252,247	13	
Equity shares	92,384,676	10	103,132,851	12	
Equity warrants	9,213,469	1	8,461,000	1	
Royalty rights	—	—	—	—	
	\$922,052,622	100	% \$887,223,122	100	%

During the three months ended March 31, 2015, the Company made three new investments totaling approximately \$79.2 million and investments in nine existing portfolio companies totaling approximately \$19.0 million. During the three months ended March 31, 2014, the Company made six new investments totaling approximately \$63.7 million and investments in six existing portfolio companies totaling approximately \$13.8 million.

Investment Valuation Process

The Company has established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring basis in accordance with the 1940 Act and FASB ASC Topic 820, Fair Value Measurements and Disclosures ("ASC Topic 820"). Under ASC Topic 820, a financial instrument is categorized within the ASC Topic 820 valuation hierarchy based upon the lowest level of input to the valuation process that is significant to the fair value measurement. The three levels of valuation inputs established by ASC Topic 820 are as follows:

Level 1 Inputs – include quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs – include inputs that are unobservable and significant to the fair value measurement.

The Company's investment portfolio is comprised of debt and equity instruments of privately held companies for which quoted prices or other inputs falling within the categories of Level 1 and Level 2 are not available. Therefore,

the Company

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determines the fair value of its investments in good faith using Level 3 inputs, pursuant to a valuation policy and process that is established by the management of the Company with the assistance of certain third-party advisors and subsequently approved by the Company's Board of Directors. There is no single standard for determining fair value in good faith, as fair value depends upon the specific circumstances of each individual investment. The recorded fair values of the Company's investments may differ significantly from fair values that would have been used had an active market for the securities existed. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

The Company's valuation process is led by the Company's executive officers and managing directors. The Company's valuation process begins with a quarterly review of each investment in the Company's investment portfolio by the Company's executive officers and investment committee. Valuations of each portfolio security are then prepared by the Company's investment professionals, who have direct responsibility for the origination, management and monitoring of each investment. Under the Company's valuation policy, each investment valuation is subject to (i) a review by the lead investment officer responsible for the portfolio company investment and (ii) a peer review by a second investment officer or executive officer of the Company. Generally, any investment that is valued below cost is subjected to review by one of the Company's executive officers. After the peer review is complete, the Company engages two independent valuation firms, including Duff & Phelps, LLC (collectively, the "Valuation Firms"), to provide third-party reviews of certain investments, as described further below. Finally, the Board of Directors has the responsibility for reviewing and approving, in good faith, the fair value of the Company's investments in accordance with the 1940 Act.

The Valuation Firms provide third party valuation consulting services to the Company which consist of certain procedures that the Company identified and requested the Valuation Firms to perform (hereinafter referred to as the "Procedures"). The Procedures are performed with respect to each portfolio company at least once in every calendar year and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In addition, the Procedures are generally performed with respect to a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, the Company may determine that it is not cost-effective, and as a result is not in the Company's stockholders' best interest, to request the Valuation Firms to perform the Procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The total number of investments and the percentage of the investment portfolio on which the Procedures were performed are summarized below by period:

For the quarter ended:	Total companies	Percent of total investments at fair value ⁽¹⁾
March 31, 2014	15	25%
June 30, 2014	15	31%
September 30, 2014	18	29%
December 31, 2014	16	24%
March 31, 2015	16	28%

(1) Exclusive of the fair value of new investments made during the quarter.

Upon completion of the Procedures, the Valuation Firms concluded that, with respect to each investment reviewed by each Valuation Firm, the fair value of those investments subjected to the Procedures appeared reasonable. The Company's Board of Directors is ultimately responsible for determining the fair value of the Company's investments in good faith.

Investment Valuation Inputs

Under ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a willing buyer and a willing seller at the measurement date. For the Company's portfolio

securities, fair value is generally the amount that the Company might reasonably expect to receive upon the current sale of the security. Under ASC Topic 820, the fair value measurement assumes that the sale occurs in the principal market for the security, or in the absence of a principal market, in the most advantageous market for the security. Under ASC Topic 820, if no market for the security exists or if the Company does not have access to the principal market, the security should be valued based on the sale occurring in a hypothetical market. The securities in which the Company invests are generally only purchased and sold in merger and acquisition transactions, in which case the entire portfolio company is sold to a third-party purchaser. As a result, unless the Company has the ability to control such a transaction, the assumed principal market for the Company's securities is a hypothetical secondary market. The Level 3 inputs to the Company's valuation process reflect the Company's best estimate of

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the assumptions that would be used by market participants in pricing the investment in a transaction in a hypothetical secondary market.

Enterprise Value Waterfall Approach

In valuing equity securities (including warrants), the Company estimates fair value using an “Enterprise Value Waterfall” valuation model. The Company estimates the enterprise value of a portfolio company and then allocates the enterprise value to the portfolio company’s securities in order of their relative liquidation preference. In addition, the Company assumes that any outstanding debt or other securities that are senior to the Company’s equity securities are required to be repaid at par. Additionally, the Company estimates the fair value of a limited number of its debt securities using the Enterprise Value Waterfall approach in cases where the Company does not expect to receive full repayment.

To estimate the enterprise value of the portfolio company, the Company primarily uses a valuation model based on a transaction multiple, which generally is the original transaction multiple, and measures of the portfolio company’s financial performance. In addition, the Company considers other factors, including but not limited to (i) offers from third-parties to purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and (iv) when the Company believes there are comparable companies that are publicly traded, the Company performs a review of these publicly traded companies and the market multiple of their equity securities. For certain non-performing assets, the Company may utilize the liquidation or collateral value of the portfolio company's assets in its estimation of enterprise value.

The significant Level 3 inputs to the Enterprise Value Waterfall model are (i) an appropriate transaction multiple and (ii) a measure of the portfolio company’s financial performance, which generally is either earnings before interest, taxes, depreciation and amortization, as adjusted (“Adjusted EBITDA”) or revenues. Such inputs can be based on historical operating results, projections of future operating results or a combination thereof. The operating results of a portfolio company may be unaudited, projected or pro forma financial information and may require adjustments for certain non-recurring items. In determining the operating results input, the Company utilizes the most recent portfolio company financial statements and forecasts available as of the valuation date. The Company also consults with the portfolio company’s senior management to obtain updates on the portfolio company’s performance, including information such as industry trends, new product development, loss of customers and other operational issues. Fair value measurements using the Enterprise Value Waterfall model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in either the transaction multiple, Adjusted EBITDA or revenues for a particular equity security would result in a higher (lower) fair value for that security.

Income Approach

In valuing debt securities, the Company utilizes an “Income Approach” model that considers factors including, but not limited to, (i) the stated yield on the debt security, (ii) the portfolio company’s current Adjusted EBITDA as compared to the portfolio company’s historical or projected Adjusted EBITDA as of the date the investment was made and the portfolio company’s anticipated Adjusted EBITDA for the next twelve months of operations, (iii) the portfolio company’s current Leverage Ratio (defined as the portfolio company’s total indebtedness divided by Adjusted EBITDA) as compared to its Leverage Ratio as of the date the investment was made, (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and (v) when the Company believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt. In addition, the Company uses a risk rating system to estimate the probability of default on the debt securities and the probability of loss if there is a default. This risk rating system covers both qualitative and quantitative aspects of the business and the securities held. The Company considers the factors above, particularly any significant changes in the portfolio company’s results of operations and leverage, and develops an expectation of the yield that a hypothetical market participant would require when purchasing the debt investment (the “Required Rate of Return”). The Required Rate of Return, along with the Leverage Ratio and Adjusted EBITDA, are the significant Level 3 inputs to the Income Approach model. For investments where the Leverage Ratio and Adjusted EBITDA have not fluctuated significantly from the date the investment was made or have not fluctuated significantly from the Company’s expectations as of the date the

investment was made, and where there have been no significant fluctuations in the market pricing for such investments, the Company may conclude that the Required Rate of Return is equal to the stated rate on the investment and therefore, the debt security is appropriately priced. In instances where the Company determines that the Required Rate of Return is different from the stated rate on the investment, the Company discounts the contractual cash flows on the debt instrument using the Required Rate of Return in order to estimate the fair value of the debt security.

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Fair value measurements using the Income Approach model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security may result in a lower (higher) fair value for that security. A significant increase (decrease) in the Adjusted EBITDA input for a particular debt security may result in a higher (lower) fair value for that security. The fair value of the Company's royalty rights are calculated based on specific provisions contained in the pertinent operating or royalty agreements. The determination of the fair value of such royalty rights is not a significant component of the Company's valuation process.

The ranges and weighted average values of the significant Level 3 inputs used in the valuation of the Company's debt and equity securities at March 31, 2015 and December 31, 2014 are summarized as follows:

March 31, 2015:	Fair Value(1)	Valuation Model	Level 3 Inputs	Range of Inputs	Weighted Average
Subordinated debt and 2nd lien notes	\$615,360,160	Income Approach	Required Rate of Return	8.3% – 25.0%	13.5%
			Leverage Ratio	1.2x – 7.4x	4.2x
			Adjusted EBITDA	\$1.4 million – \$73.6 million	\$17.6 million
Subordinated debt and 2nd lien notes	32,058,000	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	4.7x – 7.6x	5.7x
			Adjusted EBITDA	\$1.0 million – \$10.3 million	\$5.1 million
			Required Rate of Return	3.7% – 16.0%	12.1%
Senior debt and 1 st lien notes	96,580,548	Income Approach	Leverage Ratio	0.0x – 9.9x	3.1x
			Adjusted EBITDA	\$1.4 million – \$8.1 million	\$5.4 million
			Adjusted EBITDA Multiple	2.8x – 14.9x	6.5x
Equity shares and warrants	110,945,972	Enterprise Value Waterfall Approach	Adjusted EBITDA	\$1.0 million – \$73.6 million	\$12.6 million
			Revenue Multiple	1.3x – 4.0x	3.4x
			Revenues	\$9.9 million – \$80.2 million	\$65.9 million

(1) Certain investments with a total fair value of \$22,466,410 were repaid or redeemed subsequent to the end of the reporting period and were valued at their transaction price.

December 31, 2014:	Fair Value(1)	Valuation Model	Level 3 Input	Range of Inputs	Weighted Average
Subordinated debt and 2nd lien notes	\$599,378,024	Income Approach	Required Rate of Return	8.3% – 30.0%	14.0%
			Leverage Ratio	1.3x – 8.1x	4.2x
			Adjusted EBITDA	\$1.5 million – \$74.8 million	\$18.3 million
Subordinated debt and 2nd lien notes	29,000,000	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	3.5x – 6.0x	5.4x
			Adjusted EBITDA	\$1.0 million – \$7.5 million	\$4.6 million
			Required Rate of Return	3.7% – 16.0%	12.1%
Senior debt and 1 st lien notes	115,252,247	Income Approach	Leverage Ratio	0.0x – 9.0x	3.2x
			Adjusted EBITDA	\$1.5 million – \$8.1 million	\$5.4 million
			Adjusted EBITDA Multiple	3.0x – 14.9x	6.6x
Equity shares and warrants	106,746,851	Enterprise Value Waterfall	Adjusted EBITDA	\$1.0 million – \$74.8 million	\$12.1 million

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Approach

Revenue Multiple	1.3x – 4.0x	3.4x
Revenues	\$9.6 million – \$76.2 million	\$62.7 million

(1) Certain investments with a total fair value of \$36,846,000 were repaid or redeemed subsequent to the end of the reporting period and were valued at their transaction price.

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The following table presents the Company's investment portfolio at fair value as of March 31, 2015 and December 31, 2014, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value as of March 31, 2015			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2 nd lien notes	\$—	\$—	\$647,418,160	\$647,418,160
Senior debt and 1 st lien notes	—	—	118,635,958	118,635,958
Equity shares	—	—	107,153,972	107,153,972
Equity warrants	—	—	4,203,000	4,203,000
Royalty rights	—	—	—	—
	\$—	\$—	\$877,411,090	\$877,411,090

	Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2 nd lien notes	\$—	\$—	\$660,377,024	\$660,377,024
Senior debt and 1 st lien notes	—	—	115,252,247	115,252,247
Equity shares	—	—	103,132,851	103,132,851
Equity warrants	—	—	8,461,000	8,461,000
Royalty rights	—	—	—	—
	\$—	\$—	\$887,223,122	\$887,223,122

The following tables reconcile the beginning and ending balances of the Company's investment portfolio measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2015 and 2014:

Three Months Ended March 31, 2015:	Subordinated Debt and 2 nd Lien Notes	Senior Debt and 1 st Lien Notes	Equity Shares	Equity Warrants	Royalty Rights	Total
Fair value, beginning of period	\$660,377,024	\$115,252,247	\$103,132,851	\$8,461,000	\$—	\$887,223,122
New investments	84,235,814	1,551,020	12,426,363	—	—	98,213,197
Proceeds from sales of investments	—	—	(2,161,304)	(4,908,710)	—	(7,070,014)
Loan origination fees received	(1,606,861)	—	—	—	—	(1,606,861)
Principal repayments received	(89,895,228)	(129,508)	—	—	—	(90,024,736)
PIK interest earned	3,383,420	513,904	—	—	—	3,897,324
PIK interest payments received	(4,707,871)	—	—	—	—	(4,707,871)
Accretion of loan discounts	97,638	35,511	—	—	—	133,149
Accretion of deferred loan origination revenue	1,868,964	91,236	—	—	—	1,960,200
Realized gain	1,071,925	—	(246,269)	2,438,715	—	3,264,371
Unrealized gain (loss)	(7,406,665)	1,321,548	(5,997,669)	(1,788,005)	—	(13,870,791)
Fair value, end of period	\$647,418,160	\$118,635,958	\$107,153,972	\$4,203,000	\$—	\$877,411,090

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Three Months Ended March 31, 2014:	Subordinated Debt and 2 nd Lien Notes	Senior Debt and 1 st Lien Notes	Equity Shares	Equity Warrants	Royalty Rights	Total
Fair value, beginning of period	\$514,467,575	\$45,968,765	\$79,935,246	\$23,928,603	\$73,000	\$664,373,189
New investments	69,887,760	3,985,889	3,624,833	—	—	77,498,482
Reclassifications	(6,055,524)	(3,872,476)	9,928,000	—	—	—
Proceeds from sales of investments	—	—	(1,700,120)	(1,020,255)	—	(2,720,375)
Loan origination fees received	(1,290,041)	(77,778)	—	—	—	(1,367,819)
Principal repayments received	(48,991,007)	(97,404)	—	—	—	(49,088,411)
PIK interest earned	3,494,150	240,271	—	—	—	3,734,421
PIK interest payments received	(2,262,217)	—	—	—	—	(2,262,217)
Accretion of loan discounts	346,201	—	—	—	—	346,201
Accretion of deferred loan origination revenue	801,938	33,598	—	—	—	835,536
Realized gains	(549,180)	—	89,083	523,745	—	63,648
Unrealized gain (loss)	(967,685)	10,013	735,529	(1,107,093)	(73,000)	(1,402,236)
Fair value, end of period	\$528,881,970	\$46,190,878	\$92,612,571	\$22,325,000	\$—	\$690,010,419

All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported on separate line items within the Company's Unaudited Consolidated Statements of Operations. Pre-tax net unrealized losses on investments of \$10.5 million, during the three months ended March 31, 2015 were related to portfolio company investments that were still held by the Company as of March 31, 2015. Pre-tax net unrealized losses on investments of \$0.8 million during the three months ended March 31, 2014 were related to portfolio company investments that were still held by the Company as of March 31, 2014.

The Company's primary investment objective is to generate current income and capital appreciation by investing directly in privately-held lower middle market companies to help these companies fund acquisitions, growth or refinancing. During the three months ended March 31, 2015, the Company made investments of approximately \$96.3 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the three months ended March 31, 2015, the Company made investments of \$1.9 million in companies to which it was previously committed to provide the financial support. During the three months ended March 31, 2014, the Company made investments of approximately \$13.7 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the three months ended March 31, 2014, the Company made investments in \$0.6 million in companies to which it was previously committed to provide the financial support. The details of the Company's investments have been disclosed on the Consolidated Schedules of Investments.

Warrants

When originating a debt security, the Company will sometimes receive warrants or other equity-related securities from the borrower. The Company determines 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 difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the warrant or other equity instruments is treated as original issue discount and accreted into interest income over the life of the loan.

Realized Gain or Loss and Unrealized Appreciation or Depreciation of Portfolio Investments

Realized gains or losses are recorded upon the sale or liquidation of investments and are calculated as the difference between the net proceeds from the sale or liquidation, if any, and the cost basis of the investment using the specific identification method. Unrealized appreciation or depreciation reflects the difference between the fair value of the investments and the cost basis of the investments.

Investment Classification

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate

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Investments” are investments in those companies that are “Affiliated Companies” of the Company, as defined in the 1940 Act, other than Control Investments. “Non-Control / Non-Affiliate Investments” are those that are neither Control Investments nor Affiliate Investments. Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25.0% of the voting securities of such company, has greater than 50.0% representation on its board or has the power to exercise control over management or policies of such portfolio company. The Company is deemed to be an affiliate of a company in which the Company has invested if it owns between 5.0% and 25.0% of the voting securities of such company.

Investment Income

Interest income, adjusted for amortization of premium and accretion of original issue discount, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes, until all principal and interest has been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. Dividend income is recorded on the ex-dividend date.

Fee Income

Origination, facility, commitment, consent and other advance fees received in connection with loan agreements ("Loan Origination Fees") are recorded as deferred income and recognized as investment income over the term of the loan. Upon prepayment of a loan, any unamortized Loan Origination Fees are recorded as investment income. In the general course of its business, the Company receives certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, certain investment banking and structuring fees and loan waiver and amendment fees, and are recorded as investment income when earned.

Payment-in-Kind Interest

The Company currently holds, and expects to hold in the future, some loans in its portfolio that contain a payment-in-kind ("PIK") interest provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan, rather than being paid to the Company in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment.

PIK interest, which is a non-cash source of income at the time of recognition, is included in the Company's taxable income and therefore affects the amount the Company is required to distribute to its stockholders to maintain its qualification as a regulated investment company ("RIC") for federal income tax purposes, even though the Company has not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

Concentration of Credit Risk

The Company's investments are generally in lower middle market companies in a variety of industries. As of both March 31, 2015 and December 31, 2014, there were no individual investments greater than 10% of the fair value of the Company's portfolio. As of both March 31, 2015 and December 31, 2014, the Company's largest single portfolio company investment represented approximately 3.9% of the fair value of the Company's portfolio. Income, consisting of interest, dividends, fees, other investment income and realization of gains or losses on equity interests, can fluctuate dramatically upon repayment of an investment or sale of an equity interest and in any given year can be highly concentrated among several portfolio companies.

The Company's investments carry a number of risks including, but not limited to: (i) investing in lower middle market companies which may have limited financial resources and may have limited operating histories, (ii) investing in senior subordinated debt which ranks equal to or lower than debt held by other investors and (iii) holding investments

that are not publicly traded and are subject to legal and other restrictions on resale and other risks common to investing in below investment grade debt and equity instruments.

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As of March 31, 2015, \$650.0 million of the Company's assets were pledged as collateral for the Company's second amended and restated senior secured credit facility (the "Credit Facility") and \$347.1 million were subject to superior claim over the Company's shareholders by the SBA. If the Company defaults on its obligations under the Credit Facility or its SBA-guaranteed debentures, the lenders and/or the SBA may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claims.

Investments Denominated in Foreign Currency

As of both March 31, 2015 and December 31, 2014, the Company held investments in one portfolio company that were denominated in Canadian dollars.

At each balance sheet date, portfolio company investments denominated in foreign currencies are translated into United States dollars using the spot exchange rate on the last business day of the period. Purchases and sales of foreign portfolio company investments, and any income from such investments, are translated into United States dollars using the rates of exchange prevailing on the respective dates of such transactions.

Although the fair values of foreign portfolio company investments and the fluctuation in such fair values are translated into United States dollars using the applicable foreign exchange rates described above, the Company does not isolate that portion of the change in fair values resulting from foreign currency exchange rates fluctuations from the change in fair values of the underlying investment. All fluctuations in fair value are included in net unrealized appreciation (depreciation) of investments in the Company's Unaudited Consolidated Statements of Operations.

Investments denominated in foreign currencies and foreign currency transactions may involve certain considerations and risks not typically associated with those of domestic origin, including unanticipated movements in the value of the foreign currency relative to the United States dollar.

3. INCOME TAXES

The Company elected for federal income tax purposes to be treated as a RIC under the Internal Revenue Code of 1986, as amended (the "Code") commencing with its taxable year ended December 31, 2007. In order to maintain its qualification as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay income taxes only on the portion of its taxable income and gains it does not distribute (actually or constructively) and certain built-in gains. The Company has historically met its minimum distribution requirements and continually monitors its distribution requirements with the goal of ensuring compliance with the Code.

The minimum distribution requirements applicable to RICs require the Company to distribute to its stockholders at least 90% of its investment company taxable income ("ICTI"), as defined by the Code, each year. Depending on the level of ICTI earned in a tax year, the Company may choose to carry forward ICTI in excess of current year distributions into the next tax year and pay a 4% excise tax on such excess. Any such carryover ICTI must be distributed before the end of that next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as (i) PIK interest income and (ii) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company's ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

The Company has certain wholly-owned taxable subsidiaries (the “Taxable Subsidiaries”), each of which holds one or more of its portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company’s consolidated financial statements reflect the Company’s investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold certain portfolio companies that are organized as limited liability companies (“LLCs”) (or other forms of

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pass-through entities) and still satisfy the RIC tax requirement that at least 90% of the RIC's gross revenue for income tax purposes must consist of investment income. Absent the Taxable Subsidiaries, a proportionate amount of any gross income of an LLC (or other pass-through entity) portfolio investment would flow through directly to the RIC. To the extent that such income did not consist of investment income, it could jeopardize the Company's ability to qualify as a RIC and therefore cause the Company to incur significant amounts of federal income taxes. When LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, their income is taxed to the Taxable Subsidiaries and does not flow through to the RIC, thereby helping the Company preserve its RIC status and resultant tax advantages. The Taxable Subsidiaries are not consolidated for income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies. This income tax expense is reflected in the Company's Consolidated Statements of Operations. Additionally, any unrealized appreciation related to portfolio investments held by Taxable Subsidiaries (net of unrealized depreciation related to portfolio investments held by the Taxable Subsidiaries) is reflected net of applicable federal and state income taxes in the Company's Unaudited Consolidated Statements of Operations, with the related deferred tax assets presented in the Company's Unaudited Balance Sheet.

For federal income tax purposes, the cost of investments owned as of March 31, 2015 and December 31, 2014 was approximately \$933.1 million and \$927.7 million, respectively.

4. BORROWINGS

The Company had the following borrowings outstanding as of March 31, 2015 and December 31, 2014:

Issuance/Pooling Date	Maturity Date	Interest Rate as of March 31, 2015	March 31, 2015	December 31, 2014
SBA-Guaranteed Debentures:				
March 25, 2009	March 1, 2019	5.337%	22,000,000	22,000,000
March 24, 2010	March 1, 2020	4.825%	6,800,000	6,800,000
September 22, 2010	September 1, 2020	3.687%	32,590,000	32,590,000
March 29, 2011	March 1, 2021	4.474%	75,400,000	75,400,000
September 21, 2011	September 1, 2021	3.392%	19,100,000	19,100,000
March 27, 2013	March 1, 2023	3.155%	30,000,000	30,000,000
September 24, 2014	September 1, 2024	3.790%	31,310,000	31,310,000
September 14, 2010 (LMI Debenture)	March 1, 2016	2.508%	7,626,028	7,579,806
Less: Deferred financing fees			(4,892,637)	(5,082,708)
Total SBA-Guaranteed Debentures			219,933,391	219,697,098
Credit Facility:				
June 26, 2013	September 17, 2017	3.444%	21,446,176	62,619,883
Less: Deferred financing fees			(1,122,819)	\$(1,230,577)
Total Credit Facility			\$20,323,357	\$61,389,306
Notes:				
March 2, 2012	March 15, 2019	7.000%	69,000,000	69,000,000
October 19, 2012	December 15, 2022	6.375%	80,500,000	80,500,000
February 6, 2015	March 15, 2022	6.375%	86,250,000	—
Less: Deferred financing fees			(6,324,159)	(3,853,776)
Total Notes			\$229,425,841	\$145,646,224

SBA-Guaranteed Debentures

Interest payments on SBA-guaranteed debentures are payable semi-annually and there are no principal payments required on these debentures prior to maturity, nor do the debentures carry any prepayment penalties. The Company's SBA-guaranteed Low or Moderate Income ("LMI") debenture is a five-year deferred interest debenture that was issued at a discount to par. The accretion of discount on the SBA-guaranteed LMI debenture is classified as interest expense

in the Company's consolidated financial statements.

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Under the Small Business Investment Act and current SBA policy applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time, SBA-guaranteed debentures and SBA-guaranteed LMI debentures (collectively, SBA-guaranteed debentures) up to two times (and in certain cases, up to three times) the amount of its regulatory capital. As of March 31, 2015, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that can be issued by a single SBIC was \$150.0 million and by a group of SBICs under common control was \$225.0 million. As of March 31, 2015, Triangle SBIC had issued the maximum \$150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued \$75.0 million in face amount of SBA-guaranteed debentures. The weighted average interest rates for all SBA-guaranteed debentures as of both March 31, 2015 and December 31, 2014 was 4.03%, respectively. As of both March 31, 2015 and December 31, 2014, all SBA-guaranteed debentures were pooled.

In addition to a one-time 1.0% fee on the total commitment from the SBA, the Company also pays a one-time 2.425% fee on the amount of each SBA-guaranteed debenture issued and a one-time 2.0% fee on the amount of each SBA-guaranteed LMI debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. Upon prepayment of an SBA-guaranteed debenture, any unamortized deferred financing costs related to the SBA-guaranteed debenture are written off and recognized as a loss on extinguishment of debt in the Consolidated Statements of Operations.

The fair values of the SBA-guaranteed debentures are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model. As of March 31, 2015 and December 31, 2014, the carrying amounts of the SBA-guaranteed debentures was approximately \$219.9 million and \$219.7 million, respectively. As of March 31, 2015 and December 31, 2014, the fair values of the SBA-guaranteed debentures were \$228.2 million and \$230.4 million, respectively.

Credit Facility

In June 2013, the Company entered into the Credit Facility to provide liquidity in support of its investment and operational activities. The Credit Facility, which has an initial commitment of \$165.0 million supported by nine financial institutions, replaced the Company's \$165.0 million senior secured credit facility entered into in September 2012. The Credit Facility, which matures on September 17, 2017, allows the Company to borrow certain foreign currencies directly under the Credit Facility.

The Credit Facility has an accordion feature that allows for an increase in the total commitment size up to \$215.0 million, subject to certain conditions, and also contains a one-year extension option to September 17, 2018. The Credit Facility, which is structured to operate like a revolving credit facility, is secured primarily by the Company's assets, excluding the assets of Triangle SBIC and Triangle SBIC II.

Borrowings under the Credit Facility bear interest, subject to the Company's election, on a per annum basis equal to (i) the applicable base rate plus 1.75%, (ii) the applicable LIBOR rate plus 2.75%, or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75%. The applicable base rate is equal to the greater of (i) the prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR rate plus 2.0%. The applicable LIBOR rate depends upon the term of a draw under the Credit Facility. The Company pays a commitment fee of 0.375% per annum on undrawn amounts, which is included with interest and other financing fees on the Company's Consolidated Statements of Operations. Borrowings under the Credit Facility are also limited to a borrowing base, which includes certain cash and a portion of eligible debt investments.

As of March 31, 2015, the Company had United States dollar borrowings of \$8.0 million outstanding under the Credit Facility with an interest rate of 2.93% and non-United States dollar borrowings denominated in Canadian dollars of \$17.0 million (\$13.4 million in United States dollars) outstanding under the Credit Facility with an interest rate of 3.75%. The borrowings denominated in Canadian dollars are translated into United States dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign exchange rates on the Credit Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in the Company's Unaudited Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond the control of the Company and cannot be predicted. As of December 31, 2014, the Company had United States dollar borrowings of \$48.0 million outstanding under the Credit Facility with an

interest rate of 2.91% and non-United States dollar borrowings denominated in Canadian dollars of \$17.0 million (\$14.6 million United States dollars) outstanding under the credit facility with an interest rate of 4.03%.

The fair value of the borrowings outstanding under the Credit Facility are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model. As of March 31, 2015 and December 31, 2014, the fair values of the borrowings outstanding under the Credit Facility were \$21.4 million and \$62.6 million, respectively.

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The Credit Facility contains certain affirmative and negative covenants, including but not limited to (i) maintaining a minimum interest coverage ratio, (ii) maintaining minimum consolidated tangible net worth and (iii) maintaining its status as a regulated investment company and as a BDC. As of March 31, 2015, the Company was in compliance with all covenants of the Credit Facility.

Notes

In March 2012, the Company issued \$69.0 million of unsecured notes due 2019 (the "2019 Notes"). The 2019 Notes mature on March 15, 2019, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 15, 2015. The 2019 Notes bear interest at a rate of 7.00% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning June 15, 2012. The net proceeds to the Company from the sale of the 2019 Notes, after underwriting discounts and offering expenses, were approximately \$66.7 million. As of March 31, 2015 and December 31, 2014, the carrying amount of the 2019 Notes was \$67.5 million and \$67.4 million, respectively. As of March 31, 2015 and December 31, 2014, the fair values of the 2019 Notes were \$69.7 million and \$69.6 million, respectively.

In October 2012, the Company issued \$70.0 million of unsecured notes due 2022 (the "December 2022 Notes") and in November 2012, issued \$10.5 million of December 2022 Notes pursuant to the exercise of an over-allotment option. The December 2022 Notes mature on December 15, 2022, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after December 15, 2015. The December 2022 Notes bear interest at a rate of 6.375% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning December 15, 2012. The net proceeds to the Company from the sale of the December 2022 Notes, after underwriting discounts and offering expenses, were approximately \$77.8 million. As of March 31, 2015 and December 31, 2014, the carrying amount of the December 2022 Notes was \$78.3 million and 78.2 million, respectively. As of March 31, 2015 and December 31, 2014, the fair values of the December 2022 Notes were \$81.3 million and \$81.4 million, respectively.

In February 2015, the Company issued \$86.3 million of unsecured notes due 2022 (the "March 2022 Notes"). The March 2022 Notes mature on March 15, 2022 and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 15, 2018. The March 2022 Notes bear interest at a rate of 6.375% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2015. The net proceeds to the Company from the sale of the March 2022 Notes, after underwriting discounts and offering expenses, were approximately \$83.6 million. As of March 31, 2015, the carrying amount of the March 2022 Notes was \$83.6 million. As of March 31, 2015, the fair values of the March 2022 Notes were \$87.6 million. The fair values of the 2019 Notes, the December 2022 Notes and the March 2022 Notes are based on the closing prices of each respective security on the New York Stock Exchange, which are Level 1 inputs under ASC 820.

The indenture and supplements thereto relating to the 2019 Notes, the December 2022 Notes and the March 2022 Notes contain certain covenants, including but not limited to (i) a requirement that the Company comply with the asset coverage requirements of the 1940 Act or any successor provisions and (ii) a requirement to provide financial information to the holders of the notes and the trustee under the indenture if the Company should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934, as amended.

5. EQUITY-BASED AND OTHER COMPENSATION PLANS

The Company's Board of Directors and stockholders have approved the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan (the "Plan"), under which there are 2,400,000 shares of the Company's Common Stock authorized for issuance. Under the Plan, the Board (or compensation committee, if delegated administrative authority by the Board) may award stock options, restricted stock or other stock-based incentive awards to executive officers, employees and directors. Equity-based awards granted under the Plan to independent directors generally will vest over a one-year period and equity-based awards granted under the Plan to executive officers and employees generally will vest ratably over a four-year period.

The Company accounts for its equity-based compensation plan using the fair value method, as prescribed by ASC Topic 718, Stock Compensation. Accordingly, for restricted stock awards, the Company measures the grant date fair value based upon the market price of the Company's common stock on the date of the grant and amortizes this fair

value to compensation expense ratably over the requisite service period or vesting term.

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The following table presents information with respect to the Plan for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	Number of Shares	Weighted Average Grant Date Fair Value per Share
Unvested shares, beginning of period	662,965	\$25.87	592,173	\$23.80
Shares granted during the period	350,000	\$21.78	273,000	\$26.09
Shares vested during the period	(225,855)	\$24.01	(193,224)	\$21.03
Unvested shares, end of period	787,110	\$24.21	671,949	\$25.53

In the three months ended March 31, 2015, the Company recognized equity-based compensation expense of approximately \$1.6 million. In the three months ended March 31, 2014, the Company recognized equity-based compensation expense of approximately \$1.3 million. This expense is included in general and administrative expenses in the Company's Unaudited Consolidated Statements of Operations.

As of March 31, 2015, there was approximately \$17.7 million of total unrecognized compensation cost related to the Company's non-vested restricted shares. This cost is expected to be recognized over a weighted average period of approximately 2.5 years.

The Company's Board of Directors has adopted a nonqualified deferred compensation plan covering the Company's executive officers and key employees. Any compensation deferred and the Company's contributions will earn a return based on the returns on certain investments designated by the Compensation Committee of the Company's Board of Directors. Participants are 100% vested in amounts deferred under the deferred compensation plan and the earnings thereon. Contributions to the plan and earnings thereon vest ratably over a four-year period.

The Company maintains a 401(k) plan in which all full-time employees who are at least 21 years of age are eligible to participate and receive employer contributions. Eligible employees may contribute a portion of their compensation on a pretax basis into the 401(k) plan up to the maximum amount allowed under the Code, and direct the investment of their contributions.

6. TRANSACTIONS WITH CONTROLLED COMPANIES

On January 9, 2014, the Company converted its debt investments in SRC, Inc. into common stock. After giving effect to this conversion, the Company owned 100% of SRC, Inc.'s outstanding common stock. During both the quarter ended March 31, 2015 and March 31, 2014, the Company received management and other fees from SRC, Inc. totaling \$100,000. These fees were recognized as fee income in the Company's Consolidated Statements of Operations.

7. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend credit, in the form of loans, to the Company's portfolio companies. The balance of unused commitments to extend credit as March 31, 2015 and December 31, 2014 was approximately \$23.4 million and \$24.2 million, respectively. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

The Company may, in the future, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies. Since its inception, neither Triangle Capital Corporation nor any of its subsidiaries have been party to any material legal proceedings.

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8. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Per share data:		
Net asset value at beginning of period	\$ 16.11	\$ 16.10
Net investment income(1)	0.54	0.50
Net realized gain on investments(1)	0.10	—
Net unrealized appreciation (depreciation) on investments / foreign currency(1)	(0.38)	(0.04)
Total increase from investment operations(1)	0.26	0.46
Cash dividends/distributions	(0.59)	(0.69)
Shares issued pursuant to Dividend Reinvestment Plan	0.01	0.01
Stock-based compensation	(0.14)	(0.15)
Benefit (provision) for taxes(1)	—	(0.01)
Other(2)	(0.01)	—
Net asset value at end of period	\$ 15.64	\$ 15.72
Market value at end of period(3)	\$ 22.81	\$ 25.89
Shares outstanding at end of period	33,225,627	27,903,696
Net assets at end of period	\$ 519,615,448	\$ 438,631,024
Average net assets	\$ 533,164,375	\$ 449,549,621
Ratio of total expenses, including provision for taxes, to average net assets (annualized)	9.86	% 9.31
Ratio of net investment income to average net assets (annualized)	13.33	% 12.32
Portfolio turnover ratio	11.96	% 7.95
Total return(4)	15.33	% (3.87)
Supplemental Data:		
Efficiency ratio(5)	21.37	% 21.03

(1) Weighted average basic per share data.

Represents the impact of the different share amounts used in calculating per share data as a result of calculating

(2) certain per share data based upon the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

(3) Represents the closing price of the Company's common stock on the last day of the period.

Total return equals the change in the ending market value of the Company's common stock during the period, plus

(4) dividends declared per share during the period, divided by the market value of the Company's common stock on the first day of the period. Total return is not annualized.

(5) Efficiency ratio equals general and administrative expenses divided by total investment income.

9. SUBSEQUENT EVENTS

In April 2015, the Company invested \$15.0 million in subordinated debt of Radiant Logistics, Inc., a freight logistics company. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

In May 2015, the Company entered into a third amended and restated senior secured credit facility (the "Amended Credit Facility") with an initial commitment of \$300.0 million. The Amended Credit Facility replaces the Company's existing Credit Facility. The Amended Credit Facility has an accordion feature that allows for an increase in the total loan size up to \$350.0 million, subject to certain conditions and the satisfaction of specified financial covenants, and allows the Company to borrow foreign currencies directly under the Amended Credit Facility. The Amended Credit Facility is secured primarily by the Company's assets, excluding the assets of the Company's wholly-owned SBIC subsidiaries. The revolving period of the Amended Credit Facility ends May 3, 2019, followed by a one-year amortization period with a final maturity date of May 3, 2020. Borrowings under the Amended Credit Facility will

generally bear interest at a rate equal to (i) the applicable LIBOR rate plus 2.75% or (ii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75%.

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TRIANGLE CAPITAL CORPORATION

Unaudited Schedule of Investments in and Advances to Affiliates

Three Months Ended March 31, 2015

Portfolio Company	Type of Investment	Amount of Interest or Dividends Credits to Income(1)	December 31, 2014 Value	Gross Additions(2)	Gross Reductions(3)	March 31, 2015 Value
Control Investments:						
	Subordinated Note (13% Cash)	\$—	\$375,000	\$ —	\$ —	\$375,000
	Subordinated Note (8.5% Cash)	—	543,000	9,000	—	552,000
Gerli & Company	Class A Preferred Shares (1,211 shares)	—	—	—	—	—
	Class C Preferred Shares (744 shares)	—	—	—	—	—
	Class E Preferred Shares (400 shares)	—	—	—	—	—
	Common Stock (300 shares)	—	918,000	9,000	—	927,000
PartsNow!, LLC	Subordinated Note (12% Cash, 3% PIK)	—	6,233,000	—	1,674,000	4,559,000
	Preferred Membership Units (4,000,000 units)	—	—	—	—	—
	Common Member Units (1,500,000 units)	—	—	—	—	—
	Royalty Rights	—	6,233,000	—	1,674,000	4,559,000
SRC, Inc.	Common Stock (5,000 shares)	100,000	7,824,000	—	837,000	6,987,000
		100,000	7,824,000	—	837,000	6,987,000
Total Control Investments		100,000	14,975,000	9,000	2,511,000	12,473,000
Affiliate Investments:						
All Aboard America! Holdings Inc.	Subordinated Note (12% Cash, 3% PIK)	575,618	14,442,239	124,270	—	14,566,509
	Membership Units in LLC	—	2,207,492	401,508	—	2,609,000
		575,618	16,649,731	525,778	—	17,175,509

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American De-Rosa Lamparts, LLC and Hallmark Lighting	Subordinated Note (12% Cash, 2% PIK)	250,761	7,069,614	37,858	\$ —	7,107,472
	Membership Units (8,364 units)	—	936,000	416,000	—	1,352,000
		250,761	8,005,614	453,858	—	8,459,472
AP Services, Inc.	Class A Units (933 units)	—	2,394	27,702	30,096	—
	Class B Units (496 units)	—	1,272	—	1,272	—
		—	3,666	27,702	31,368	—
Asset Point, LLC	Senior Note (11.3% Cash, 4.8% PIK)	320,872	7,990,172	95,259	—	8,085,431
	Subordinated Note (12% Cash, 2% PIK)	23,009	656,310	3,287	—	659,597
	Membership Units (1,000,000 units)	—	—	—	—	—
	Options to Purchase Membership Units (342,407 units)	—	204,000	20,000	—	224,000
	Membership Unit Warrants (356,506 units)	—	—	—	—	—
		343,881	8,850,482	118,546	—	8,969,028
Captek Softgel International, Inc.	Subordinated Note (9.5% Cash)	\$406,938	\$16,715,906	\$ 6,213	\$ —	\$16,722,119
	Class A Units (80,000 units)	—	1,719,000	—	19,000	1,700,000
		406,938	18,434,906	6,213	19,000	18,422,119

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TRIANGLE CAPITAL CORPORATION

Unaudited Schedule of Investments in and Advances to Affiliates

Three Months Ended March 31, 2015

Portfolio Company	Type of Investment	Amount of Interest or Dividends Credits to Income(1)	December 31, 2014 Value	Gross Additions(2)	Gross Reductions(3)	March 31, 2015 Value
CIS Secure Computing Inc.	Subordinated Note (12% Cash, 4% PIK)	451,494	10,035,000	207,999	—	10,242,999
	Common Stock (84 shares)	—	40,000	—	40,000	—
		451,494	10,075,000	207,999	40,000	10,242,999
DPII Holdings, LLC	Senior Note (12% Cash, 4% PIK)	143,654	3,394,913	39,718	—	3,434,631
	Class A Membership Interest (17,308 units)	—	1,107,692	—	—	1,107,692
		143,654	4,502,605	39,718	—	4,542,323
Dyson Corporation	Class A Units (1,000,000 units)	—	324,000	—	324,000	—
		—	324,000	—	324,000	—
Frank Entertainment Group, LLC	Senior Note (10% Cash, 5.8% PIK)	354,030	8,513,033	684,916	—	9,197,949
	Class A Redeemable Preferred Units (10.5% Cash) (196,718 units)	117,207	4,405,000	161,904	—	4,566,904
	Class B Redeemable Preferred Units (18,667 units)	—	1,537,000	123,810	—	1,660,810
	Class A Common Units (43,077 units)	—	—	—	—	—
	Class A Common Warrants	—	—	—	—	—
		471,237	14,455,033	970,630	—	15,425,663
Halcyon Healthcare, LLC	Subordinated Note (11% Cash)	325,271	11,278,779	9,020	—	11,287,799
	Preferred Interests (2,000,000 interests)	—	2,000,000	—	—	2,000,000
		325,271	13,278,779	9,020	—	13,287,799
Main Street Gourmet, LLC	Jr. Subordinated Note (8% Cash, 2% PIK)	19,956	754,197	4,699	—	758,896
	Preferred Units (233 units)	—	333,000	8,000	—	341,000
	Common B Units (3,000 units)	—	1,108,000	—	111,000	997,000
	Common A Units (1,652 units)	—	610,000	—	61,000	549,000
		19,956	2,805,197	12,699	172,000	2,645,896

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	Subordinated Note (6.5% Cash, 3.5% PIK)	180,818	—	5,665,445	5,665,445	—
Minco Technology Labs	Class A Units (5,000 HoldCo. units)	—	—	—	—	—
	Class A Units (3,907 OpCo. units)	—	—	—	—	—
		180,818	—	5,665,445	5,665,445	—

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TRIANGLE CAPITAL CORPORATION

Unaudited Schedule of Investments in and Advances to Affiliates

Three Months Ended March 31, 2015

Portfolio Company	Type of Investment	Amount of Interest or Dividends Credits to Income(1)	December 31, 2014 Value	Gross Additions(2)	Gross Reductions(3)	March 31, 2015 Value
NB Products, Inc.	Subordinated Note (12% Cash, 2% PIK)	435,121	—	19,968,020	—	19,968,020
	Subordinated Note (10% PIK)	39,195	—	3,802,675	—	3,802,675
	Series A Redeemable Senior Preferred Stock (7,839 shares)	156,779	—	7,621,648	—	7,621,648
	Common Stock (1,668,691 shares)	—	—	333,738	—	333,738
		631,095	—	31,726,081	—	31,726,081
PCX Aerostructures, LLC	Subordinated Note (11% Cash, 3% PIK)	\$696,351	\$19,087,302	\$160,819	\$—	\$19,248,121
	Series A Preferred Stock (5,344 shares)	—	5,343,953	—	1,178,953	4,165,000
	Series A Common Stock (80,000 shares)	—	26,854	—	26,854	—
	696,351	24,458,109	160,819	1,205,807	23,413,121	
Playhaven, LLC	Senior Note (9.5% Cash, 2.5% PIK)	709,871	20,712,285	1,343,125	—	22,055,410
	Class A Common Units (999,999 units)	—	869,999	—	464,000	405,999
	Class C Common Units (1 unit)	—	5,001	—	—	5,001
		709,871	21,587,285	1,343,125	464,000	22,466,410
QC Holdings, Inc.	Common Stock (5,594 shares)	—	470,000	—	61,000	409,000
		—	470,000	—	61,000	409,000
Technology Crops International	Subordinated Note (12% Cash, 5% PIK)	483,507	10,670,076	161,258	—	10,831,334
	Common Units (50 units)	—	162,000	37,000	—	199,000
		483,507	10,832,076	198,258	—	11,030,334
TGaS Advisors, LLC	Subordinated Note (10% Cash, 1% PIK)	284,062	9,742,396	34,548	62,243	9,714,701

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	Preferred Units (1,685,357)	—	1,685,357	—		1,685,357
		284,062	11,427,753	34,548	62,243	11,400,058
	Membership Units (1,000 units)	—	1,000,000	—	—	1,000,000
UCS Super HoldCo LLC	Participation Interest	—	2,000,000	—	—	2,000,000
		—	3,000,000	—	—	3,000,000
	Preferred A Units (90,000 units)	—	—	1,215,000	263,000	952,000
United Retirement Plan Consultants, Inc.	Common Units (10,000 units)	—	—	—	—	—
		—	—	1,215,000	263,000	952,000
	Subordinated Note (12.5% Cash, 4% PIK)	—	225,000	—	—	225,000
Venture Technology Groups, Inc.		—	225,000	—	—	225,000

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TRIANGLE CAPITAL CORPORATION

Unaudited Schedule of Investments in and Advances to Affiliates

Three Months Ended March 31, 2015

Portfolio Company	Type of Investment	Amount of Interest or Dividends Credits to Income(1)	December 31, 2014 Value	Gross Additions(2)	Gross Reductions(3)	March 31, 2015 Value
Waste Recyclers Holdings, LLC	Class A Preferred Units (280 units)	—	—	—	—	—
	Class B Preferred Units (985,372 units)	—	1,727,000	9,000	—	1,736,000
	Class C Preferred Units (1,444,475 units)	—	—	—	—	—
	Common Unit Purchase Warrant (1,170,083 units)	—	—	—	—	—
	Common Units (153,219 units)	—	—	—	—	—
		—	1,727,000	9,000	—	1,736,000
Wythe Will Tzetz, LLC	Series A Preferred Units (99,829 units)	139,046	7,823,000	—	96,000	7,727,000
		139,046	7,823,000	—	96,000	7,727,000
Total Affiliate Investments		\$6,113,560	\$178,935,236	\$42,724,439	\$ 8,403,863	\$213,255,812

(1) Represents the total amount of interest, fees or dividends credited to income for the portion of the year an investment was included in Control or Affiliate categories, respectively.

Gross additions include increase in the cost basis of investments resulting from new portfolio investment, (2) follow-on investments and accrued PIK interest. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.

Gross reductions include decreases in the total cost basis of investments resulting from principal or PIK (3) repayments or sales. Gross reductions also include net increases in unrealized depreciation or net decreases in unrealized appreciation.

This schedule should be read in conjunction with Triangle Capital Corporation's Unaudited Consolidated Financial Statements, including the Unaudited Consolidated Schedules of Investments.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion is designed to provide a better understanding of our financial statements, including a brief discussion of our business, key factors that impacted our performance and a summary of our operating results. The following discussion should be read in conjunction with the Unaudited Consolidated Financial Statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q, and the Consolidated Financial Statements and notes thereto and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2014. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

Forward-Looking Statements

Some of the statements in this Quarterly Report constitute forward-looking statements because they relate to future events or our future performance or financial condition. Forward-looking statements may include, among other things, statements as to our future operating results, our business prospects and the prospects of our portfolio companies, the impact of the investments that we expect to make, the ability of our portfolio companies to achieve their objectives, our expected financings and investments, the adequacy of our cash resources and working capital, and the timing of cash flows, if any, from the operations of our portfolio companies. Words such as “expect,” “anticipate,” “target,” “goals,” “project,” “intend,” “plan,” “believe,” “seek,” “estimate,” “continue,” “forecast,” “may,” “should,” “potential,” variations of such similar expressions indicate a forward-looking statement, although not all forward-looking statements include these words. Readers are cautioned that the forward-looking statements contained in this Quarterly Report are only predictions, are not guarantees of future performance, and are subject to risks, events, uncertainties and assumptions that are difficult to predict. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors discussed herein and in Item 1A entitled “Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2014. Other factors that could cause actual results to differ materially include, but are not limited to, changes in the economy, risks associated with possible disruption due to terrorism in our operations or the economy generally, and future changes in laws or regulations and conditions in our operating areas. These statements are based on our current expectations, estimates, forecasts, information and projections about the industry in which we operate and the beliefs and assumptions of our management as of the date of this Quarterly Report. We assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless we are required to do so by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview of Our Business

We are a Maryland corporation which has elected to be treated and operates as an internally managed business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. Our wholly-owned subsidiaries, Triangle Mezzanine Fund LLLP, or Triangle SBIC, and Triangle Mezzanine Fund II LP, or Triangle SBIC II, are licensed as small business investment companies, or SBICs, by the United States Small Business Administration, or SBA. In addition, Triangle SBIC has also elected to be treated as a BDC under the 1940 Act. We, Triangle SBIC and Triangle SBIC II invest primarily in debt instruments, equity investments, warrants and other securities of lower middle market privately-held companies located primarily in the United States.

Our business is to provide capital to lower middle market companies located primarily in the United States. We focus on investments in companies with a history of generating revenues and positive cash flows, an established market position and a proven management team with a strong operating discipline. Our target portfolio company has annual revenues between \$20.0 million and \$200.0 million and annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between \$3.0 million and \$35.0 million.

We invest primarily in subordinated debt securities secured by second lien security interests in portfolio company assets, coupled with equity interests. On a more limited basis, we also invest in senior debt securities secured by first lien security interests in portfolio company assets. Our investments generally range from \$5.0 million to \$35.0 million

per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments.

We generate revenues in the form of interest income, primarily from our investments in debt securities, loan origination and other fees and dividend income. Fees generated in connection with our debt investments are recognized over the life of the loan using the effective interest method or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our debt

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investments generally have a term of between three and seven years and typically bear interest at fixed rates between 10.0% and 15.0% per annum. Certain of our debt investments have a form of interest, referred to as payment-in-kind, or PIK, interest, that is not paid currently but is instead accrued and added to the loan balance and paid at the end of the term. In our negotiations with potential portfolio companies, we generally seek to minimize PIK interest. Cash interest on our debt investments is generally payable monthly; however, some of our debt investments pay cash interest on a quarterly basis. As of March 31, 2015 and December 31, 2014, the weighted average yield on our outstanding debt investments other than non-accrual debt investments was approximately 12.8% and 13.0%, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 11.3% and 11.6% as of March 31, 2015 and December 31, 2014, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 10.7% and 10.8% as of March 31, 2015 and December 31, 2014, respectively.

Triangle SBIC and Triangle SBIC II are eligible to issue debentures to the SBA, which pools these with debentures of other SBICs and sells them in the capital markets at favorable interest rates, in part as a result of the guarantee of payment from the SBA. Triangle SBIC and Triangle SBIC II invest these funds in portfolio companies. We intend to continue to operate Triangle SBIC and Triangle SBIC II as SBICs, subject to SBA approval, and to utilize the proceeds from the issuance of SBA-guaranteed debentures, referred to herein as SBA leverage, to enhance returns to our stockholders.

Portfolio Investment Composition

The total value of our investment portfolio was \$877.4 million as of March 31, 2015, as compared to \$887.2 million as of December 31, 2014. As of March 31, 2015, we had investments in 90 portfolio companies with an aggregate cost of \$926.1 million. As of December 31, 2014, we had investments in 91 portfolio companies with an aggregate cost of \$922.1 million. As of both March 31, 2015 and December 31, 2014, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of March 31, 2015 and December 31, 2014, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio	
March 31, 2015:					
Subordinated debt and 2nd lien notes	\$698,247,977	75	% \$647,418,160	74	%
Senior debt and 1st lien notes	118,716,464	13	118,635,958	13	
Equity shares	102,403,466	11	107,153,972	12	
Equity warrants	6,743,474	1	4,203,000	1	
Royalty rights	—	—	—	—	
	\$926,111,381	100	% \$877,411,090	100	%
December 31, 2014:					
Subordinated debt and 2nd lien notes	\$703,800,176	76	% \$660,377,024	74	%
Senior debt and 1st lien notes	116,654,301	13	115,252,247	13	
Equity shares	92,384,676	10	103,132,851	12	
Equity warrants	9,213,469	1	8,461,000	1	
Royalty rights	—	—	—	—	
	\$922,052,622	100	% \$887,223,122	100	%

Investment Activity

During the three months ended March 31, 2015, we made three new investments totaling \$79.2 million, debt investments in five existing portfolio companies totaling \$16.6 million and equity investments in six existing portfolio companies totaling \$2.4 million. We had six portfolio company loans repaid totaling \$86.4 million resulting in realized gains totaling \$1.1 million and received normal principal repayments and partial loan prepayments totaling \$3.6 million in the three months ended March 31, 2015. In addition, we received proceeds related to the sales of

certain equity securities totaling \$7.1 million and recognized net realized gains on such sales totaling \$2.2 million in the three months ended March 31, 2015.

During the three months ended March 31, 2014, we made six new investments totaling \$63.7 million, debt investments in five existing portfolio companies totaling \$13.6 million and an equity investment in one existing portfolio company totaling \$0.1 million. We had four portfolio company loans repaid totaling \$30.3 million resulting in realized gains totaling \$0.1 million

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and received normal principal repayments and partial loan prepayments totaling \$19.3 million in the three months ended March 31, 2014. We converted debt investments in one portfolio company into an equity investment and recognized a net realized loss on such conversion totaling \$0.2 million. In addition, we received proceeds related to the sales of certain equity securities totaling \$2.3 million and recognized net realized gains on such sales totaling \$0.2 million in the three months ended March 31, 2014.

Total portfolio investment activity for the three months ended March 31, 2015 and 2014 was as follows:

Three Months Ended March 31, 2015:	Subordinated Debt and 2 nd Lien Notes	Senior Debt and 1 st Lien Notes	Equity Shares	Equity Warrants	Royalty Rights	Total
Fair value, beginning of period	\$660,377,024	\$115,252,247	\$103,132,851	\$8,461,000	\$—	\$887,223,122
New investments	84,235,814	1,551,020	12,426,363	—	—	98,213,197
Proceeds from sales of investments	—	—	(2,161,304)	(4,908,710)	—	(7,070,014)
Loan origination fees received	(1,606,861)	—	—	—	—	(1,606,861)
Principal repayments received	(89,895,228)	(129,508)	—	—	—	(90,024,736)
PIK interest earned	3,383,420	513,904	—	—	—	3,897,324
PIK interest payments received	(4,707,871)	—	—	—	—	(4,707,871)
Accretion of loan discounts	97,638	35,511	—	—	—	133,149
Accretion of deferred loan origination revenue	1,868,964	91,236	—	—	—	1,960,200
Realized gain	1,071,925	—	(246,269)	2,438,715	—	3,264,371
Unrealized gain (loss)	(7,406,665)	1,321,548	(5,997,669)	(1,788,005)	—	(13,870,791)
Fair value, end of period	\$647,418,160	\$118,635,958	\$107,153,972	\$4,203,000	\$—	\$877,411,090
Weighted average yield on debt investments at end of period(1)						12.8 %
Weighted average yield on total investments at end of period(1)						11.3 %
Weighted average yield on total investments at end of period						10.7 %

(1)Excludes non-accrual debt investments.

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Three Months Ended March 31, 2014:	Subordinated Debt and 2 nd Lien Notes	Senior Debt and 1 st Lien Notes	Equity Shares	Equity Warrants	Royalty Rights	Total
Fair value, beginning of period	\$514,467,575	\$45,968,765	\$79,935,246	\$23,928,603	\$73,000	\$664,373,189
New investments	69,887,760	3,985,889	3,624,833	—	—	77,498,482
Reclassifications	(6,055,524)	(3,872,476)	9,928,000	—	—	—
Proceeds from sales of investments	—	—	(1,700,120)	(1,020,255)	—	(2,720,375)
Loan origination fees received	(1,290,041)	(77,778)	—	—	—	(1,367,819)
Principal repayments received	(48,991,007)	(97,404)	—	—	—	(49,088,411)
PIK interest earned	3,494,150	240,271	—	—	—	3,734,421
PIK interest payments received	(2,262,217)	—	—	—	—	(2,262,217)
Accretion of loan discounts	346,201	—	—	—	—	346,201
Accretion of deferred loan origination revenue	801,938	33,598	—	—	—	835,536
Realized gains	(549,180)	—	89,083	523,745	—	63,648
Unrealized gain (loss)	(967,685)	10,013	735,529	(1,107,093)	(73,000)	(1,402,236)
Fair value, end of period	\$528,881,970	\$46,190,878	\$92,612,571	\$22,325,000	\$—	\$690,010,419
Weighted average yield on debt investments at end of period(1)						13.9 %
Weighted average yield on total investments at end of period(1)						12.4 %
Weighted average yield on total investments at end of period						12.0 %

(1)Excludes non-accrual debt investments.

Non-Accrual Assets

Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. As of March 31, 2015, the fair value of our non-accrual assets was \$23.5 million, which comprised 2.7% of the total fair value of our portfolio, and the cost of our non-accrual assets was \$56.4 million, which comprised 6.1% of the total cost of our portfolio. As of December 31, 2014, the fair value of our non-accrual assets was \$26.9 million, which comprised 3.0% of the total fair value of our portfolio, and the cost of our non-accrual assets was \$53.1 million, which comprised 5.8% of the total cost of our portfolio.

Our non-accrual assets as of March 31, 2015 were as follows:

CRS Reprocessing, LLC

In September 2014, we placed our subordinated debt investments in CRS Reprocessing, LLC, or CRS, on non-accrual status effective with the monthly payment due August 31, 2014. As a result, under U.S. GAAP, we no longer recognize interest income on our subordinated debt investments in CRS for financial reporting purposes. In February 2015, we invested \$1.5 million of subordinated debt in CRS. During the three months ended March 31, 2015, we recorded unrealized depreciation of \$3.6 million on our subordinated debt investments in CRS. As of March 31, 2015, the cost of our subordinated debt investments in CRS was \$27.4 million and the fair value of such investments was \$8.7 million.

Eckler's Holdings, Inc.

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In April 2015, we placed our debt investment in Eckler's Holdings, Inc., or Eckler's, on non-accrual status effective with the quarterly payment due March 31, 2015. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Eckler's for financial reporting purposes. In the three months ended March 31, 2015, we recognized unrealized depreciation on our debt investment in Eckler's of \$26,000. As of March 31, 2015, the cost of our debt investment in Eckler's was \$7.3 million and the fair value of such investment was \$5.6 million.

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Gerli and Company

In November 2008, we placed our debt investments in Gerli and Company, or Gerli, on non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investments in Gerli for financial reporting purposes. In the three months ended March 31, 2015, we recognized unrealized appreciation on our debt investments in Gerli of \$9,000. As of March 31, 2015, the cost of our debt investments in Gerli was \$3.4 million and the fair value of such investments was \$0.9 million.

PartsNow!, LLC

In October 2014, we placed our debt investment in PartsNow!, LLC, or PartsNow, on non-accrual status effective with the quarterly payment due September 30, 2014. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in PartsNow for financial reporting purposes. During the three months ended March 31, 2015, we recorded unrealized depreciation of \$1.7 million on our debt investment in PartsNow. As of March 31, 2015, the cost of our debt investment in PartsNow was \$11.5 million and the fair value of such investment was \$4.6 million.

PowerDirect Marketing, LLC

In August 2014, we placed our debt investment in PowerDirect Marketing, LLC, or PowerDirect, on non-accrual status effective with the monthly payment due July 31, 2014. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in PowerDirect for financial reporting purposes. During the three months ended March 31, 2015, we recorded unrealized depreciation of \$0.2 million on our debt investment in PowerDirect. As of March 31, 2015, the cost of our debt investment in PowerDirect was \$6.6 million and the fair value of such investment was \$3.6 million.

Venture Technology Groups, Inc.

In February 2013, we placed our debt investment in Venture Technology Groups, Inc., or VTG, on non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in VTG for financial reporting purposes. As of March 31, 2015, the cost of our debt investment in VTG was \$0.2 million and the fair value of such investment was \$0.2 million.

PIK Non-Accrual Assets

In addition to our non-accrual assets, as of March 31, 2015, we had debt investments in three portfolio companies (our subordinated notes to Capital Contractors, Inc., our subordinated note to DCWV Acquisition Corporation and our term loan B senior note to FCL Graphics, Inc.) that were on non-accrual only with respect to the PIK interest component of the loans. As of March 31, 2015, the fair value of these debt investments was \$9.7 million, or 1.1% of the total fair value of our portfolio and the cost of these assets was \$17.0 million, or 1.8% of the total cost of our portfolio.

Results of Operations

Comparison of three months ended March 31, 2015 and March 31, 2014

Investment Income

For the three months ended March 31, 2015, total investment income was \$30.8 million, an 28.0% increase from \$24.0 million of total investment income for the three months ended March 31, 2014. This increase was primarily attributable to an increase in portfolio debt investments from March 31, 2014 to March 31, 2015 and a \$2.1 million increase in non-recurring fee and dividend income. These increases were partially offset by a \$1.5 million decrease in investment income relating to non-accrual assets and a decrease in the weighted average yield on our debt investments from March 31, 2014 to March 31, 2015. Non-recurring fee income was \$3.1 million for the three months ended March 31, 2015 as compared to \$1.5 million for the three months ended March 31, 2014, and non-recurring dividend income was \$1.7 million for the three months ended March 31, 2015 as compared to \$1.2 million for the three months ended March 31, 2014.

Operating Expenses

For the three months ended March 31, 2015, operating expenses increased by 27.6% to \$13.0 million from \$10.2 million for the three months ended March 31, 2014. Our operating expenses consist of interest and other financing fees and general and administrative expenses.

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For the three months ended March 31, 2015, interest and other financing fees increased by 25.2% to \$6.4 million from \$5.1 million for the three months ended March 31, 2014. The increase in interest and other financing fees was related to an

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increase in interest expense and fees on our March 2022 Notes of \$0.9 million in the three months ended March 31, 2015 and an increase in interest and other financing fees on our SBA-guaranteed debentures of \$0.3 million in the three months ended March 31, 2015.

Our general and administrative expenses are primarily influenced by compensation, headcount and levels of business activity. Our compensation expenses include salaries, discretionary compensation, equity-based compensation and benefits. Discretionary compensation is significantly impacted by our level of total investment income, our investment results including investment realizations, prevailing labor markets and the external environment. As a result of these and other factors, our compensation expense can fluctuate materially from period to period. Accordingly, the amount of compensation expense recognized in any particular period may not be indicative of compensation expense in a future period.

For the three months ended March 31, 2015, general and administrative expenses increased by 30.1% to \$6.6 million from \$5.1 million for the three months ended March 31, 2014. In addition, our efficiency ratio (defined as general and administrative expenses as a percentage of total investment income) increased to 21.4% for the three months ended March 31, 2015 from 21.0% for the three months ended March 31, 2014. The increase in general and administrative expenses in the quarter ended March 31, 2015 was primarily related to increased cash and non-cash compensation expenses.

Net Investment Income

As a result of the \$6.7 million increase in total investment income and the \$2.8 million increase in expenses, net investment income increased by 28.4% to \$17.8 million for the three months ended March 31, 2015 as compared to \$13.8 million for the three months ended March 31, 2014.

Net Increase/Decrease in Net Assets Resulting from Operations

In the three months ended March 31, 2015, we recognized realized gains totaling \$3.3 million, which consisted of a net gain related to the sale of one affiliated investment of \$27,000 and net gains on the sales/repayments of five non-control/non-affiliate investments totaling \$3.2 million. In addition, during the three months ended March 31, 2015, we recorded net unrealized depreciation totaling \$12.5 million, consisting of net unrealized depreciation on our current portfolio of \$9.2 million and net unrealized depreciation reclassification adjustments of \$3.4 million related to the realized gains and losses noted above.

In the three months ended March 31, 2014, we realized gains on the sales/repayments of two non-control/non-affiliate investments totaling approximately \$0.7 million, a loss relating to the sale of one non-control/non-affiliate investment totaling approximately \$0.4 million and a loss on the restructuring of one control investment totaling approximately \$0.2 million. In addition, during the three months ended March 31, 2014, we recorded net unrealized depreciation totaling \$1.1 million, consisting of net unrealized depreciation on our current portfolio of \$0.5 million and net unrealized depreciation reclassification adjustments of \$0.6 million million related to the realized gains and losses noted above.

As a result of these events, our net increase in net assets resulting from operations was \$8.4 million for the three months ended March 31, 2015, as compared to a net increase in net assets resulting from operations of \$12.5 million for the three months ended March 31, 2014.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents on hand, our available leverage under our Credit Facility (as defined below) and our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next twelve months.

In the future, depending on the valuation of Triangle SBIC's assets and Triangle SBIC II's assets pursuant to SBA guidelines, Triangle SBIC and Triangle SBIC II may be limited by provisions of the Small Business Investment Act of 1958, and SBA regulations governing SBICs, from making certain distributions to Triangle Capital Corporation that may be necessary to enable Triangle Capital Corporation to make the minimum required distributions to its stockholders and qualify as a RIC.

Cash Flows

For the three months ended March 31, 2015, we experienced a net increase in cash and cash equivalents in the amount of \$33.0 million. During that period, our operating activities provided \$10.7 million in cash and our financing

activities increased cash by \$22.4 million, consisting primarily of proceeds from the the March 2022 Notes offerings of \$83.6 million and borrowings under the Credit Facility of \$8.0 million partially offset by cash dividends paid in the amount of \$18.8 million million and repayments under the Credit Facility of \$48.0 million. As of March 31, 2015, we had \$111.8 million of cash and cash equivalents on hand.

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For the three months ended March 31, 2014, we experienced a net decrease in cash and cash equivalents in the amount of \$42.5 million. During that period, our operating activities used \$21.4 million in cash, consisting primarily of new portfolio investments of \$77.5 million, partially offset by repayments received from portfolio companies and proceeds from sales of portfolio investments totaling \$51.8 million. In addition, financing activities reduced cash by \$21.0 million, consisting primarily of cash dividends paid in the amount of \$14.5 million cash cash distributions of capital gains paid in the amount of \$4.0 million. As of March 31, 2014, we had \$90.8 million of cash and cash equivalents on hand.

Financing Transactions

Due to Triangle SBIC's and Triangle SBIC II's status as licensed SBICs, Triangle SBIC and Triangle SBIC II have the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the Small Business Investment Act and the SBA rules applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time debentures guaranteed by the SBA up to two times (and in certain cases, up to three times) the amount of its regulatory capital, which generally is the amount raised from private investors. The maximum statutory limit on the dollar amount of outstanding debentures guaranteed by the SBA issued by a single SBIC is currently \$150.0 million and by a group of SBICs under common control is \$225.0 million. Debentures guaranteed by the SBA have a maturity of ten years, with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be prepaid at any time, without penalty. Our SBA-guaranteed debentures are collateralized by the assets of Triangle SBIC and Triangle SBIC II.

As of March 31, 2015, Triangle SBIC had issued the maximum \$150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued \$75.0 million in face amount of SBA-guaranteed debentures. In addition to the one-time 1.0% fee on the total commitment from the SBA, the Company also pays a one-time 2.425% fee on the amount of each debenture issued (2.0% for SBA LMI debentures). These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rate for all SBA-guaranteed debentures as of March 31, 2015 was 4.03%. As of March 31, 2015, all SBA-guaranteed debentures were pooled.

In June 2013, we entered into a second amended and restated senior secured credit facility, or Credit Facility, to provide liquidity in support of our investment and operational activities. The Credit Facility, which has an initial commitment of \$165.0 million supported by nine financial institutions, replaced our \$165.0 million senior secured credit facility entered into in September 2012. The Credit Facility, which matures on September 17, 2017, allows us to borrow certain foreign currencies directly under the Credit Facility.

The Credit Facility has an accordion feature that allows for an increase in the total commitment size up to \$215.0 million, subject to certain conditions, and also contains a one-year extension option to September 17, 2018. The Credit Facility, which is structured to operate like a revolving credit facility, is secured primarily by our assets, excluding the assets of Triangle SBIC and Triangle SBIC II.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.75%, (ii) the applicable LIBOR rate plus 2.75%, or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75%. The applicable base rate is equal to the greater of (i) the prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR rate plus 2.0%. The applicable LIBOR rate depends upon the term of a draw under the Credit Facility. We pay a commitment fee of 0.375% per annum on undrawn amounts, which is included with interest and other financing fees on our Consolidated Statements of Operations. Borrowings under the Credit Facility are also limited to a borrowing base, which includes certain cash and a portion of eligible debt investments.

As of March 31, 2015, we had United States dollar borrowings of \$8.0 million outstanding under the Credit Facility with an interest rate of 2.93% and non-United States dollar borrowings denominated in Canadian dollars of \$17.0 million (\$13.4 million in United States dollars) outstanding under the Credit Facility with an interest rate of 3.75%. The borrowings denominated in Canadian dollars are translated into United States dollars based on the spot rate at each balance sheet date. The impact resulting from changes in foreign exchange rates on the Credit Facility borrowings is included in unrealized appreciation (depreciation) on foreign currency borrowings in our Unaudited Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or

negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond our control and cannot be predicted.

The Credit Facility contains certain affirmative and negative covenants, including but not limited to (i) maintaining a minimum interest coverage ratio, (ii) maintaining minimum consolidated tangible net worth and (iii) maintaining its status as a regulated investment company and as a BDC. As of March 31, 2015 we were in compliance with all covenants of the Credit Facility.

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In March 2012, we issued \$69.0 million of 2019 Notes. The 2019 Notes mature on March 15, 2019, and may be redeemed in whole or in part at any time or from time to time at our option on or after March 15, 2015. The 2019 Notes bear interest at a rate of 7.00% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning June 15, 2012. The net proceeds from the sale of the 2019 Notes, after underwriting discounts and offering expenses, were \$66.7 million.

In October 2012, we issued \$70.0 million of December 2022 Notes and in November 2012, we issued \$10.5 million of December 2022 Notes pursuant to the exercise of an over-allotment option. The December 2022 Notes mature on December 15, 2022, and may be redeemed in whole or in part at any time or from time to time at our option on or after December 15, 2015. The December 2022 Notes bear interest at a rate of 6.375% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning December 15, 2012. The net proceeds from the sale of the December 2022 Notes, after underwriting discounts and offering expenses, were \$77.8 million.

In February 2015, we issued \$86.3 million of March 2022 Notes. The March 2022 Notes mature on March 15, 2022 and may be redeemed in whole or in part at any time or from time to time at our option on or after March 15, 2018. The March 2022 Notes bear interest at a rate of 6.375% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning March 15, 2015. The net proceeds from the sale of the March 2022 Notes, after underwriting discounts and offering expenses, were \$83.6 million.

The indenture and supplements thereto relating to the 2019 Notes, the December 2022 Notes and the March 2022 Notes contain certain covenants, including but not limited to (i) a requirement that we comply with the asset coverage requirements of the 1940 Act or any successor provisions, and (ii) a requirement that we provide financial information to the holders of the notes and the trustee under the indenture if we should no longer be subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Distributions to Stockholders

We elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code, commencing with our taxable year ended December 31, 2007. In order to maintain our qualification as a RIC and to obtain RIC tax benefits, we must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then we are generally required to pay income taxes only on the portion of our taxable income and gains we do not distribute (actually or constructively) and certain built-in gains. We have historically met our minimum distribution requirements and continually monitor our distribution requirements with the goal of ensuring compliance with the Code. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and our ability to make distributions will be limited by the asset coverage requirements under the 1940 Act.

The minimum distribution requirements applicable to RICs require us to distribute to our stockholders each year at least 90% of our investment company taxable income, or ICTI, as defined by the Code. Depending on the level of ICTI earned in a tax year, we may choose to carry forward ICTI in excess of current year distributions into the next tax year and pay a 4% excise tax on such excess. Any such carryover ICTI must be distributed before the end of the next tax year through a dividend declared prior to filing the final tax return related to the year which generated such ICTI.

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. We may be required to recognize ICTI in certain circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), we must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in ICTI other amounts that we have not yet received in cash, such as (i) PIK interest income and (ii) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in our ICTI for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the minimum distribution requirements, even though we will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net

unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

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Recent Development

In April 2015, we invested \$15.0 million in subordinated debt of Radiant Logistics, Inc., a freight logistics company. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

In May 2015, we entered into a third amended and restated senior secured credit facility, or the Amended Credit Facility with an initial commitment of \$300.0 million. The Amended Credit Facility replaces our existing Credit Facility. The Amended Credit Facility has an accordion feature that allows for an increase in the total loan size up to \$350.0 million, subject to certain conditions and the satisfaction of specified financial covenants, and allows us to borrow foreign currencies directly under the Amended Credit Facility. The Amended Credit Facility is secured primarily by our assets, excluding the assets of our wholly-owned SBIC subsidiaries. The revolving period of the Amended Credit Facility ends May 3, 2019, followed by a one-year amortization period with a final maturity date of May 3, 2020. Borrowings under the Amended Credit Facility will generally bear interest at a rate equal to (i) the applicable LIBOR rate plus 2.75% or (ii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75%.

Critical Accounting Policies and Use of Estimates

The preparation of our unaudited financial statements in accordance with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods covered by such financial statements. We have identified investment valuation and revenue recognition as our most critical accounting estimates. On an on-going basis, we evaluate our estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

Investment Valuation

The most significant estimate inherent in the preparation of our financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. We have established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring (quarterly) basis in accordance with FASB ASC Topic 820, Fair Value Measurements and Disclosures, or ASC Topic 820. Under ASC Topic 820, a financial instrument is categorized within the ASC Topic 820 valuation hierarchy based upon the lowest level of input to the valuation process that is significant to the fair value measurement. The three levels of valuation inputs established by ASC Topic 820 are as follows:

Level 1 Inputs – include quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Inputs – include inputs that are unobservable and significant to the fair value measurement.

Our investment portfolio is comprised of debt and equity instruments of privately held companies for which quoted prices or other inputs falling within the categories of Level 1 and Level 2 are not available. Therefore, we determine the fair value of our investments in good faith using Level 3 inputs, pursuant to a valuation policy and process that is established by our management with the assistance of certain third-party advisors and subsequently approved by our Board of Directors. There is no single standard for determining fair value in good faith, as fair value depends upon the specific circumstances of each individual investment. The recorded fair values of our investments may differ significantly from fair values that would have been used had an active market for the securities existed. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

Our valuation process is led by our executive officers and managing directors. The valuation process begins with a quarterly review of each investment in our investment portfolio by our executive officers and our investment committee. Valuations of each portfolio security are then prepared by our investment professionals, who have direct responsibility for the origination, management and monitoring of each investment. Under our valuation policy, each investment valuation is subject to (i) a review by the lead investment officer responsible for the portfolio company investment and (ii) a peer review by a second investment officer or executive officer. Generally, any investment that is

valued below cost is subjected to review by one of our executive officers. After the peer review is complete, we engage two independent valuation firms, including Duff & Phelps, LLC, collectively, the "Valuation Firms," to provide third-party reviews of certain investments, as described further

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below. Finally, the Board of Directors has the responsibility for reviewing and approving, in good faith, the fair value of our investments in accordance with the 1940 Act.

The Valuation Firms provide third party valuation consulting services to us which consist of certain limited procedures that we identified and requested the Valuation Firms to perform, which we refer herein to as the Procedures. The Procedures are performed with respect to each portfolio company at least once in every calendar year and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In addition, the Procedures are generally performed with respect to a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to request the Valuation Firms to perform the Procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The total number of investments and the percentage of our portfolio on which the Procedures were performed are summarized below by period:

For the quarter ended:	Total companies	Percent of total investments at fair value ⁽¹⁾
March 31, 2014	15	25%
June 30, 2014	15	31%
September 30, 2014	18	29%
December 31, 2014	16	24%
March 31, 2015	16	28%

(1) Exclusive of the fair value of new investments made during the quarter.

Upon completion of the Procedures, the Valuation Firms concluded that, with respect to each investment reviewed by each Valuation Firm, the fair value of those investments subjected to the Procedures appeared reasonable. Our Board of Directors is ultimately responsible for determining the fair value of our investments in good faith.

Investment Valuation Inputs

Under ASC Topic 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between a willing buyer and a willing seller at the measurement date. For our portfolio securities, fair value is generally the amount that we might reasonably expect to receive upon the current sale of the security. Under ASC Topic 820, the fair value measurement assumes that the sale occurs in the principal market for the security, or in the absence of a principal market, in the most advantageous market for the security. Under ASC Topic 820, if no market for the security exists or if we do not have access to the principal market, the security should be valued based on the sale occurring in a hypothetical market. The securities in which we invest are generally only purchased and sold in merger and acquisition transactions, in which case the entire portfolio company is sold to a third-party purchaser. As a result, unless we have the ability to control such a transaction, the assumed principal market for our securities is a hypothetical secondary market. The Level 3 inputs to our valuation process reflect management's best estimate of the assumptions that would be used by market participants in pricing the investment in a transaction in a hypothetical secondary market.

Enterprise Value Waterfall Approach

In valuing equity securities (including warrants), we estimate fair value using an "Enterprise Value Waterfall" valuation model. We estimate the enterprise value of a portfolio company and then allocate the enterprise value to the portfolio company's securities in order of their relative liquidation preference. In addition, the model assumes that any outstanding debt or other securities that are senior to our equity securities are required to be repaid at par. Additionally, we estimate the fair value of a limited number of its debt securities using the Enterprise Value Waterfall approach in cases where we do not expect to receive full repayment.

To estimate the enterprise value of the portfolio company, we primarily use a valuation model based on a transaction multiple, which generally is the original transaction multiple, and measures of the portfolio company's financial performance. In addition, we consider other factors, including but not limited to (i) offers from third-parties to

purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and (iv) when management believes there are comparable companies that are publicly traded, we perform a review of these publicly traded companies and the market multiple of their equity securities. For certain non-performing assets, we may utilize the liquidation or collateral value of the portfolio company's assets in our estimation of enterprise value.

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The significant Level 3 inputs to the Enterprise Value Waterfall model are (i) an appropriate transaction multiple and (ii) a measure of the portfolio company’s financial performance, which generally is either earnings before interest, taxes, depreciation and amortization, as adjusted, or Adjusted EBITDA, or revenues. Such inputs can be based on historical operating results, projections of future operating results or a combination thereof. The operating results of a portfolio company may be unaudited, projected or pro forma financial information and may require adjustments for certain non-recurring items. In determining the operating results input, we utilize the most recent portfolio company financial statements and forecasts available as of the valuation date. Management also consults with the portfolio company’s senior management to obtain updates on the portfolio company’s performance, including information such as industry trends, new product development, loss of customers and other operational issues. Additionally, we consider some or all of the following factors:

- financial standing of the issuer of the security;
- comparison of the business and financial plan of the issuer with actual results;
- the size of the security held;
- pending reorganization activity affecting the issuer, such as merger or debt restructuring;
- ability of the issuer to obtain needed financing;
- changes in the economy affecting the issuer;
- financial statements and reports from portfolio company senior management and ownership;
- the type of security, the security’s cost at the date of purchase and any contractual restrictions on the disposition of the security;
- information as to any transactions or offers with respect to the security and/or sales to third parties of similar securities;
- the issuer’s ability to make payments and the type of collateral;
- the current and forecasted earnings of the issuer;
- statistical ratios compared to lending standards and to other similar securities;
- pending public offering of common stock by the issuer of the security;
- special reports prepared by analysts; and
- any other factors we deem pertinent with respect to a particular investment.

Fair value measurements using the Enterprise Value Waterfall model can be sensitive to significant changes in one or more of the inputs. A significant increase in either the transaction multiple, Adjusted EBITDA or revenues for a particular equity security would result in a higher fair value for that security.

Income Approach

In valuing debt securities, we utilize an “Income Approach” model that considers factors including, but not limited to, (i) the stated yield on the debt security, (ii) the portfolio company’s current trailing twelve months, or TTM Adjusted EBITDA as compared to the portfolio company’s historical or projected Adjusted EBITDA as of the date the investment was made and the portfolio company’s anticipated Adjusted EBITDA for the next twelve months of operations, (iii) the portfolio company’s current Leverage Ratio (defined as the portfolio company’s total indebtedness divided by Adjusted EBITDA) as compared to its Leverage Ratio as of the date the investment was made, (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and (v) when management believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt. In addition, we use a risk rating system to estimate the probability of default on the debt securities and the probability of loss if there is a default. This risk rating system covers both qualitative and quantitative aspects of the business and the securities held.

We consider the factors above, particularly any significant changes in the portfolio company’s results of operations and leverage, and develop an expectation of the yield that a hypothetical market participant would require when purchasing the debt investment, which we refer to herein as the Required Rate of Return. The Required Rate of Return, along with the Leverage Ratio and Adjusted EBITDA, are the significant Level 3 inputs to the Income Approach model. For investments where the Leverage Ratio and Adjusted EBITDA have not fluctuated significantly from the date the investment was made or have not fluctuated significantly from management’s expectations as of the

date the investment was made, and where there have been no significant fluctuations in the market pricing for such investments, we may conclude that the Required Rate of Return is equal

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to the stated rate on the investment and therefore, the debt security is appropriately priced. In instances where we determine that the Required Rate of Return is different from the stated rate on the investment, we discount the contractual cash flows on the debt instrument using the Required Rate of Return in order to estimate the fair value of the debt security.

Fair value measurements using the Income Approach model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security may result in a lower (higher) fair value for that security. A significant increase (decrease) in the Adjusted EBITDA input for a particular debt security may result in a higher (lower) fair value for that security. The fair value of our royalty rights are calculated based on specific provisions contained in the pertinent operating or royalty agreements. The determination of the fair value of such royalty rights is not a significant component of our valuation process.

Revenue Recognition

Interest and Dividend Income

Interest income, adjusted for amortization of premium and accretion of original issue discount, is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The cessation of recognition of such interest will negatively impact the reported fair value of the investment. We write off any previously accrued and uncollected interest when it is determined that interest is no longer considered collectible. Dividend income is recorded on the ex-dividend date.

We may have to include in our ICTI interest income, including OID income, from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. As a result, we may be required to make a distribution to our stockholders in order to satisfy the minimum distribution requirements to maintain our RIC status, even though we will not have received and may not ever receive any corresponding cash amount. Additionally, any loss recognized by us for federal income tax purposes on previously accrued interest income will be treated as a capital loss.

Fee Income

Origination, facility, commitment, consent and other advance fees received in connection with the origination of a loan, or Loan Origination Fees, are recorded as deferred income and recognized as investment income over the term of the loan. Upon prepayment of a loan, any unamortized Loan Origination Fees are recorded as investment income. In the general course of our business, we receive certain fees from portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, certain investment banking and structuring fees and loan waiver and amendment fees, and are recorded as investment income when earned.

Payment-in-Kind (PIK) Interest Income

We currently hold, and we expect to hold in the future, some loans in our portfolio that contain a PIK interest provision. The PIK interest, computed at the contractual rate specified in each loan agreement, is periodically added to the principal balance of the loan, rather than being paid to us in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment.

PIK interest, which is a non-cash source of income, is included in our taxable income and therefore affects the amount we are required to distribute to our stockholders to maintain our qualification as a RIC for federal income tax purposes, even though we have not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. We write off any previously accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

We may have to include in our ICTI, PIK interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. As a result, we may be required to make a distribution to our stockholders in order to satisfy

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the minimum distribution requirements, even though we will not have received and may not ever receive any corresponding cash amount.

Recently Issued Accounting Standards

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Interest-Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs, or ASU 2015-03. ASU 2015-03 requires that debt issuance costs related to a recognized liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for interim and annual periods beginning after December 15, 2015. We elected early adoption of this standard on January 1, 2015. As a result, deferred financing fees are no longer presented as an asset on our Consolidated Balance Sheets, but are included as a reduction in the carrying amount of our debt securities. In addition, our Consolidated Balance Sheet as of December 31, 2014 has been adjusted to reflect the effects of adoption of ASU 2015-03 on a retrospective basis.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are subject to market risk. Market risk includes risks that arise from changes in interest rates, commodity prices, equity prices and other market changes that affect market sensitive instruments. The prices of securities held by us may decline in response to certain events, including those directly involving the companies we invest in; conditions affecting the general economy; overall market changes; legislative reform; local, regional, national or global political, social or economic instability; and interest rate fluctuations.

The U.S economy recently experienced a severe recession. To the extent that recessionary conditions recur, the economy remains stagnant, any further downgrades to U.S. government's sovereign credit rating occur, the European credit crisis continues, or the economy fails to return to pre-recession levels, the financial position and results of operations of certain of the lower middle market companies in our portfolio could be further affected adversely, which ultimately could lead to difficulty in our portfolio companies meeting debt service requirements and lead to an increase in defaults. There can be no assurance that the performance of our portfolio companies will not be further impacted by economic conditions, which could have a negative impact on our future results.

As of March 31, 2015, the fair value of our non-accrual assets was \$23.5 million, which comprised 2.7% of the total fair value of our portfolio, and the cost of our non-accrual assets was \$56.4 million, or 6.1% of the total cost of our portfolio.

In addition to our non-accrual assets, as of March 31, 2015, we had debt investments in three portfolio companies (our subordinated notes to Capital Contractors, Inc., our subordinated note to DCWV Acquisition Corporation and our term loan B senior note to FCL Graphics, Inc.) that were on non-accrual only with respect to the PIK interest component of the loans. As of March 31, 2015, the fair value of these debt investments was \$9.7 million, or 1.1% of the total fair value of our portfolio and the cost of these assets was \$17.0 million, or 1.8% of the total cost of our portfolio.

In addition, we are subject to interest rate risk. 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 the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest bearing debt and liabilities. 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. Our net investment income is affected by fluctuations in various interest rates, including LIBOR, Canadian Dealer Offered Rate and prime rates. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. We regularly measure exposure to interest rate risk and determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. As of March 31, 2015, we were not a party to any hedging arrangements.

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As of March 31, 2015, 89.9%, or \$734.6 million (at cost), of our debt portfolio investments bore interest at fixed rates and 10.1%, or \$82.4 million (at cost), of our debt portfolio investments bore interest at variable rates, which are either prime-based or LIBOR-based, and all of which are subject to certain floors. A hypothetical 200 basis point increase or decrease in the interest rates on our variable-rate debt investments could increase or decrease, as applicable, our investment income by a maximum of \$1.6 million on an annual basis. All of our SBA-guaranteed debentures, our 2019 Notes, our December 2022 Notes and our March 2022 Notes bear interest at fixed rates. Our Credit Facility bears interest, subject to the Company's

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election, on a per annum basis equal to (i) the applicable base rate plus 1.75%, (ii) the applicable LIBOR rate plus 2.75%, or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75%. The applicable base rate is equal to the greater of (i) the prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR rate plus 2.0%. The applicable LIBOR rate depends upon the term of a draw under the Credit Facility.

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 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 our investment portfolio.

We may also have exposure to foreign currencies (currently the Canadian dollar) related to certain investments. Such investments are translated into United States dollars based on the spot rate at each balance sheet date, exposing us to movements in the exchange rate. In order to reduce our exposure to fluctuations in exchange rates, we generally borrow in Canadian dollars under our Credit Facility to finance such investments. As of March 31, 2015, we had non-United States dollar borrowings denominated in Canadian dollars of \$17.0 million (\$13.4 million United States dollars) outstanding under the Credit Facility with an interest rate of 3.75%.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the first quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

Neither Triangle Capital Corporation nor any of its subsidiaries is currently a party to any material pending legal proceedings.

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which could materially affect our business, financial condition or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

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Item 6. Exhibits.

Number Exhibit

- 3.1 Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
- 3.2 Fourth Amended and Restated Bylaws of the Registrant (Filed as Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 7, 2014 and incorporated herein by reference).
- 4.1 Form of Common Stock Certificate (Filed as Exhibit (d) to the Registrant's Post-Effective Amendment No. 1 to the Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on February 15, 2007 and incorporated herein by reference).
- 4.2 Dividend Reinvestment Plan of the Registrant (Filed as Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission on March 12, 2008 and incorporated herein by reference).
- 4.3 Agreement to Furnish Certain Instruments (Filed as Exhibit 4.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on February 25, 2009 and incorporated herein by reference).
- 4.4 Indenture, dated March 2, 2012 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit (d)(5) to the Registrant's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
- 4.5 First Supplemental Indenture, dated March 2, 2012 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit (d)(6) to the Registrant's Post-Effective Amendment No. 2 to the Registration Statement on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
- 4.6 Form of 7.00% Note due 2019 (Included as part of Exhibit (d)(6) to the Registrant's Post-Effective Amendment No. 2 on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
- 4.7 Second Supplemental Indenture, dated October 19, 2012 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2012 and incorporated herein by reference).
- 4.8 Form of 6.375% Note due 2022 (Included as part of Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 19, 2012 and incorporated herein by reference).
- 4.9 Third Supplemental Indenture, dated February 6, 2015 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit (d)(12) to the Registrant's Post-Effective Amendment No. 1 on Form N-2 filed with the Securities and Exchange Commission on February 6, 2015 and incorporated

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herein by reference).

- 4.10 Form of 6.375% Note due 2022 (Included as part of Exhibit (d)(12) to the Registrant's Post-Effective Amendment No. 1 on Form N-2 filed with the Securities and Exchange Commission on February 6, 2015 and incorporated herein by reference).
- 10.1 Custody Agreement between the Registrant and Branch Banking and Trust Company dated June 20, 2014 (Filed as Exhibit (j)(1) to the Registrant's Registration Statement on Form N-2 filed with the Securities and Exchange Commission on October 1, 2014 and incorporated herein by reference).
- 31.1 Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 31.2 Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
- 32.1 Chief Executive Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**
- 32.2 Chief Financial Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

*Filed Herewith.

**Furnished Herewith.

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SIGNATURES

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

TRIANGLE CAPITAL CORPORATION

Date: May 6, 2015

/s/ Garland S. Tucker, III
Garland S. Tucker, III
Chief Executive Officer and
Chairman of the Board of Directors

Date: May 6, 2015

/s/ Steven C. Lilly
Steven C. Lilly
Chief Financial Officer and Director

Date: May 6, 2015

/s/ C. Robert Knox, Jr.
C. Robert Knox, Jr.
Principal Accounting Officer

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*Filed Herewith.

**Furnished Herewith.