# 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 June 30, 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 incorporation or organization)** | **(I.R.S. Employer Identification No.)** |
| **3700 Glenwood Avenue, Suite 530<br>Raleigh, North Carolina** | **27612** |
| **(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 August 5, 2015 was 33,272,167.

**TRIANGLE CAPITAL CORPORATION**
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**QUARTERLY REPORT ON FORM 10-Q**

## PART I – FINANCIAL INFORMATION

**Item 1.** ***Financial Statements.***

**TRIANGLE CAPITAL CORPORATION**
**Consolidated Balance Sheets**

| | June 30, 2015 | December 31, 2014 |
|---|---|---|
| | (Unaudited) | |
| **Assets:** | | |
| Investments at fair value: | | |
| Non-Control / Non-Affiliate investments (cost of $677,505,732 and $717,233,688 at June 30, 2015 and December 31, 2014, respectively) | $ 662,866,063 | $ 693,312,886 |
| Affiliate investments (cost of $193,995,315 and $175,182,171 at June 30, 2015 and December 31, 2014, respectively) | 197,281,194 | 178,935,236 |
| Control investments (cost of $46,406,803 and $29,636,763 at June 30, 2015 and December 31, 2014, respectively) | 24,751,233 | 14,975,000 |
| Total investments at fair value | 884,898,490 | 887,223,122 |
| Cash and cash equivalents | 117,547,039 | 78,759,026 |
| Interest and fees receivable | 6,834,561 | 7,409,105 |
| Prepaid expenses and other current assets | 646,272 | 438,861 |
| Deferred financing fees | 3,682,831 | 1,230,577 |
| Property and equipment, net | 116,619 | 108,753 |
| **Total assets** | **$ 1,013,725,812** | **$ 975,169,444** |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities | $ 3,417,774 | $ 7,144,673 |
| Interest payable | 3,577,430 | 3,365,237 |
| Taxes payable | 54,152 | 2,506,031 |
| Deferred income taxes | 4,117,502 | 3,363,669 |
| Payable from unsettled transaction | 16,961,500 | — |
| Borrowings under credit facility | 88,758,498 | 62,619,883 |
| Notes | 161,850,261 | 145,646,224 |
| SBA-guaranteed debentures payable | 220,171,914 | 219,697,098 |
| **Total liabilities** | **498,909,031** | **444,342,815** |
| **Commitments and contingencies (Note 7)** | | |
| **Net Assets:** | | |
| Common stock, $0.001 par value per share (150,000,000 shares authorized, 33,272,167 and 32,950,288 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively) | 33,272 | 32,950 |
| Additional paid in capital | 544,771,957 | 542,119,994 |
| Investment income in excess of distributions | 6,138,723 | 12,926,514 |
| Accumulated realized gains (losses) | (1,337,335) | 12,464,699 |
| Net unrealized appreciation (depreciation) | (34,789,836) | (36,717,528) |
| **Total net assets** | **514,816,781** | **530,826,629** |
| **Total liabilities and net assets** | **$ 1,013,725,812** | **$ 975,169,444** |
| Net asset value per share | $ 15.47 | $ 16.11 |

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Statements of Operations**

| | Three Months Ended June 30, 2015 | Three Months Ended June 30, 2014 | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|---|---|
| **Investment income:** | | | | |
| Interest income: | | | | |
| Non-Control / Non-Affiliate investments | $ 16,982,885 | $ 15,241,853 | $ 33,941,585 | $ 29,710,399 |
| Affiliate investments | 4,199,380 | 2,208,077 | 8,390,729 | 4,564,512 |
| Control investments | 49,481 | 43,835 | 49,481 | 87,343 |
| Total interest income | 21,231,746 | 17,493,765 | 42,381,795 | 34,362,254 |
| Dividend income: | | | | |
| Non-Control / Non-Affiliate investments | 45,689 | 787,689 | 1,634,394 | 1,051,616 |
| Affiliate investments | 281,369 | 207,899 | 537,622 | 1,148,070 |
| Total dividend income | 327,058 | 995,588 | 2,172,016 | 2,199,686 |
| Fee and other income: | | | | |
| Non-Control / Non-Affiliate investments | 835,092 | 1,263,026 | 4,072,438 | 3,038,318 |
| Affiliate investments | 1,500,096 | 383,616 | 1,997,053 | 663,801 |
| Control investments | 100,000 | 600,000 | 200,000 | 701,852 |
| Total fee and other income | 2,435,188 | 2,246,642 | 6,269,491 | 4,403,971 |
| Payment-in-kind interest income: | | | | |
| Non-Control / Non-Affiliate investments | 2,613,528 | 3,404,283 | 5,341,851 | 6,402,060 |
| Affiliate investments | 1,150,008 | 736,516 | 2,319,009 | 1,467,173 |
| Control investments | — | 6,084 | — | 12,071 |
| Total payment-in-kind interest income | 3,763,536 | 4,146,883 | 7,660,860 | 7,881,304 |
| Interest income from cash and cash equivalents | 67,376 | 56,888 | 120,312 | 131,496 |
| Total investment income | 27,824,904 | 24,939,766 | 58,604,474 | 48,978,711 |
| **Operating expenses:** | | | | |
| Interest and other financing fees | 7,325,340 | 5,158,543 | 13,757,795 | 10,298,055 |
| General and administrative expenses | 4,333,379 | 5,122,875 | 10,910,915 | 10,178,967 |
| Total operating expenses | 11,658,719 | 10,281,418 | 24,668,710 | 20,477,022 |
| **Net investment income** | **16,166,185** | **14,658,348** | **33,935,764** | **28,501,689** |
| **Realized and unrealized gains (losses) on investments and foreign currency borrowings:** | | | | |
| Net realized gains (losses): | | | | |
| Non-Control / Non-Affiliate investments | 3,178,433 | 11,462,275 | 6,415,102 | 11,734,476 |
| Affiliate investments | 238,806 | 228,252 | 266,508 | 228,252 |
| Control investments | (20,483,644) | — | (20,483,644) | (208,553) |
| Net realized gains (losses) | (17,066,405) | 11,690,527 | (13,802,034) | 11,754,175 |
| Net unrealized appreciation (depreciation): | | | | |
| Investments | 14,782,147 | (1,172,480) | 1,066,307 | (2,670,950) |
| Foreign currency borrowings | (312,322) | (395,269) | 861,385 | (34,734) |
| Net unrealized appreciation (depreciation) | 14,469,825 | (1,567,749) | 1,927,692 | (2,705,684) |
| Net realized and unrealized gains (losses) on investments and foreign currency borrowings | (2,596,580) | 10,122,778 | (11,874,342) | 9,048,491 |
| Loss on extinguishment of debt | (1,394,017) | — | (1,394,017) | — |
| Provision for taxes | — | (586,788) | (137,875) | (853,343) |
| **Net increase in net assets resulting from operations** | **$ 12,175,588** | **$ 24,194,338** | **$ 20,529,530** | **$ 36,696,837** |
| Net investment income per share—basic and diluted | $ 0.49 | $ 0.53 | $ 1.02 | $ 1.02 |
| Net increase in net assets resulting from operations per share—basic and diluted | $ 0.37 | $ 0.87 | $ 0.62 | $ 1.32 |
| **Dividends/distributions per share:** | | | | |
| Regular quarterly dividends/distributions | $ 0.54 | $ 0.54 | $ 1.08 | $ 1.08 |
| Supplemental dividends/distributions | 0.05 | 0.15 | 0.10 | 0.30 |
| Total dividends/distributions per share | $ 0.59 | $ 0.69 | $ 1.18 | $ 1.38 |
| Weighted average shares outstanding—basic and diluted | 33,234,532 | 27,910,468 | 33,166,865 | 27,857,788 |

*See accompanying notes.*

**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 | — | — | — | 28,501,689 | — | — | 28,501,689 |
| Stock-based compensation | — | — | 2,828,410 | — | — | — | 2,828,410 |
| Realized gain (loss) on investments | — | — | — | — | 11,754,175 | (11,616,980) | 137,195 |
| Net unrealized gains (losses) on investments / foreign currency | — | — | — | — | — | 8,911,296 | 8,911,296 |
| Provision for taxes | — | — | — | (853,343) | — | — | (853,343) |
| Dividends / distributions | 53,577 | 54 | 1,426,147 | (30,126,554) | (8,368,487) | — | (37,068,840) |
| Issuance of restricted stock | 282,630 | 282 | (282) | — | — | — | — |
| Common stock withheld for payroll taxes upon vesting of restricted stock | (93,895) | (93) | (2,474,028) | — | — | — | (2,474,121) |
| **Balance, June 30, 2014** | **27,939,795** | **$ 27,940** | **$ 410,823,140** | **$ 6,132,527** | **$ 24,051,059** | **$ 4,739,750** | **$ 445,774,416** |

| | 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 | — | — | — | 33,935,764 | — | — | 33,935,764 |
| Stock-based compensation | — | — | 3,412,181 | — | — | — | 3,412,181 |
| Realized gain (loss) on investments | — | — | — | — | (13,802,034) | 14,380,376 | 578,342 |
| Net unrealized loss on investments / foreign currency | — | — | — | — | — | (12,452,684) | (12,452,684) |
| Loss on extinguishment of debt | — | — | — | (1,394,017) | — | — | (1,394,017) |
| Provision for taxes | — | — | — | (137,875) | — | — | (137,875) |
| Dividends / distributions | 71,248 | 71 | 1,695,352 | (39,191,663) | | — | (37,496,240) |
| Expenses related to public offering of common stock | — | — | (54,967) | — | — | — | (54,967) |
| Issuance of restricted stock | 360,840 | 361 | (361) | — | — | — | — |
| Common stock withheld for payroll taxes upon vesting of restricted stock | (110,209) | (110) | (2,400,242) | — | — | — | (2,400,352) |
| **Balance, June 30, 2015** | **33,272,167** | **$ 33,272** | **$ 544,771,957** | **$ 6,138,723** | **$ (1,337,335)** | **$ (34,789,836)** | **$ 514,816,781** |

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Statements of Cash Flows**

| | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net increase in net assets resulting from operations | $ 20,529,530 | $ 36,696,837 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities: | | |
| Purchases of portfolio investments | (163,270,565) | (164,840,342) |
| Repayments received/sales of portfolio investments | 154,211,535 | 105,026,498 |
| Loan origination and other fees received | 2,819,164 | 2,838,426 |
| Net realized loss (gain) on investments | 13,802,034 | (11,754,175) |
| Net unrealized depreciation (appreciation) on investments | (1,820,140) | 1,867,995 |
| Net unrealized depreciation (appreciation) on foreign currency borrowings | (861,385) | 34,734 |
| Deferred income taxes | 753,833 | 802,955 |
| Payment-in-kind interest accrued, net of payments received | 23,501 | (2,614,188) |
| Amortization of deferred financing fees | 1,107,207 | 800,583 |
| Loss on extinguishment of debt | 1,394,017 | — |
| Accretion of loan origination and other fees | (3,202,668) | (1,783,603) |
| Accretion of loan discounts | (238,229) | (644,575) |
| Accretion of discount on SBA-guaranteed debentures payable | 92,784 | 90,792 |
| Depreciation expense | 29,225 | 20,114 |
| Stock-based compensation | 3,412,181 | 2,828,410 |
| Changes in operating assets and liabilities: | | |
| Interest and fees receivable | 574,544 | 1,186,064 |
| Prepaid expenses and other current assets | (207,411) | 238,828 |
| Accounts payable and accrued liabilities | (3,726,899) | (4,277,738) |
| Interest payable | 212,193 | 4,770 |
| Taxes payable | (2,451,879) | (655,858) |
| Payable from unsettled transaction | 16,961,500 | — |
| Net cash provided by (used in) operating activities | 40,144,072 | (34,133,473) |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (37,091) | (34,827) |
| Net cash used in investing activities | (37,091) | (34,827) |
| **Cash flows from financing activities:** | | |
| Borrowings under credit facility | 83,000,000 | 20,000,000 |
| Repayments of credit facility | (56,000,000) | — |
| Proceeds from notes | 83,372,640 | — |
| Redemption of notes | (69,000,000) | — |
| Financing fees paid | (2,740,049) | — |
| 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 | (37,496,240) | (37,068,840) |
| Net cash used in financing activities | (1,318,968) | (19,542,961) |
| Net increase (decrease) in cash and cash equivalents | 38,788,013 | (53,711,261) |
| Cash and cash equivalents, beginning of period | 78,759,026 | 133,304,346 |
| **Cash and cash equivalents, end of period** | **$ 117,547,039** | **$ 79,593,085** |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 11,673,774 | $ 9,008,748 |
| **Summary of non-cash financing transactions:** | | |
| Dividends/distributions paid through DRIP share issuances | $ 1,695,423 | $ 1,426,201 |

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Schedule of Investments**
**June 30, 2015**

| Portfolio Company | Industry | Type of Investment[1][2][7] | 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) | $ 12,989,699 | $ 12,814,036 | $ 12,814,036 |
| | | Common Units (1,250 units) | | 1,250,000 | 2,088,000 |
| | | | 12,989,699 | 14,064,036 | 14,902,036 |
| AGM Automotive, LLC (0%)* | Auto Industry Interior Components Suppler | Class A Units (1,500,000 units) | | 630,134 | 1,216,000 |
| | | | | 630,134 | 1,216,000 |
| All Metro Health Care Services, Inc. (3%)*[8] | Home Care Service Provider | Subordinated Note (10% Cash, 2% PIK, Due 03/20) | 17,350,000 | 16,966,500 | 16,966,500 |
| | | | 17,350,000 | 16,966,500 | 16,966,500 |
| Applied-Cleveland Holdings, Inc. (5%)* | Oil and Gas Pipeline Infrastructure Inspection Services | Subordinated Note (10% Cash, 2% PIK, Due 06/19) | 23,232,249 | 22,943,862 | 22,943,862 |
| | | Class A Units (2,129,032 units) | | 2,129,032 | 1,774,000 |
| | | | 23,232,249 | 25,072,894 | 24,717,862 |
| Audio and Video Labs Holdings, Inc. (2%)* | Manufacturer and Distributor for Independent Artists and Authors | Subordinated Note (12% Cash, 2% PIK, Due 06/18) | 10,401,251 | 10,272,412 | 10,272,412 |
| | | Common Stock (138 shares) | | 1,300,000 | 1,590,000 |
| | | | 10,401,251 | 11,572,412 | 11,862,412 |
| BFN Operations LLC (2%)* | Wholesale Grower and Distributor of Container Grown Shrubs, Trees and Plants | Subordinated Note (13% Cash, 4% PIK, Due 11/20) | 16,636,639 | 16,274,785 | 10,517,000 |
| | | | 16,636,639 | 16,274,785 | 10,517,000 |
| Botanical Laboratories, Inc. (0%)* | Nutritional Supplement Manufacturing and Distribution | Common Stock Warrants (998,680 shares) | | 237,301 | 384,000 |
| | | | | 237,301 | 384,000 |
| Cafe Enterprises, Inc. (3%)* | Restaurant | Subordinated Note (12% Cash, 2% PIK, Due 09/19) | 12,313,772 | 12,115,498 | 12,115,498 |
| | | Series C Preferred Stock (10,000 shares) | | 1,000,000 | 1,000,000 |
| | | | 12,313,772 | 13,115,498 | 13,115,498 |
| Capital Contractors, Inc. (1%)* | Janitorial and Facilities Maintenance Services | Subordinated Notes (5% Cash, Due 12/16) | 9,843,542 | 9,585,227 | 7,441,000 |
| | | Series A Redeemable Preferred Stock (200 shares) | | 2,000,000 | — |
| | | Common Stock Warrants (20 shares) | | 492,000 | — |
| | | | 9,843,542 | 12,077,227 | 7,441,000 |
| Carolina Beverage Group, LLC (0%)* | Beverage Manufacturing and Packaging | Class B Units (11,974 units) | | 119,735 | 529,000 |
| | | | | 119,735 | 529,000 |
| Chromaflo Technologies Parent LP (2%)* | Colorant Manufacturer and Distributor | Second Lien Term Loan (8.3% Cash, Due 06/20) | 9,999,618 | 9,958,923 | 9,958,923 |
| | | Class A Units (22,561 units) | | 906,604 | 2,264,000 |
| | | | 9,999,618 | 10,865,527 | 12,222,923 |
| Comverge, Inc. (3%)* | Provider of Intelligent Energy Management Solutions | Senior Note (12% Cash, Due 05/18) | 15,505,583 | 15,323,979 | 15,323,979 |
| | | Preferred Stock (703 shares) | | 554,458 | 493,000 |
| | | Common Stock (1,000,000 shares) | | 100,000 | — |
| | | | 15,505,583 | 15,978,437 | 15,816,979 |
| Continental Anesthesia Management, LLC (2%)* | Physicians Management Services | Subordinated Note (10% Cash, 4% PIK Due 04/16) | 10,463,794 | 10,459,316 | 10,459,316 |
| | | Warrant (263 shares) | | 276,100 | 39,000 |
| | | | 10,463,794 | 10,735,416 | 10,498,316 |
| CPower Ultimate HoldCo, LLC (0%)* | Demand Response Business | Units (345,542 units) | | 345,542 | 345,542 |
| | | | | 345,542 | 345,542 |
| CWS Acquisition Corp. (3%)* | Manufacturer of Custom Windows and Sliding Doors | Subordinated Note (11% Cash, 2% PIK, Due 01/20) | 16,401,721 | 16,159,530 | 16,401,721 |
| | | 1,500,000 Class A Units | | 1,500,000 | 1,500,000 |
| | | | 16,401,721 | 17,659,530 | 17,901,721 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments
## June 30, 2015

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| Danville Materials, LLC (2%)* | Manufacturer of Dental Products | Subordinated Note (10% Cash, Due 12/18) | $ 8,000,000 | $ 7,882,681 | $ 7,882,681 |
| | | Common Units (45,492 units) | | 500,000 | 845,000 |
| | | | 8,000,000 | 8,382,681 | 8,727,681 |
| Data Source Holdings, LLC (0%)* | Print Supply Chain Management Services | Common Units (47,503 units) | | 1,000,000 | 929,000 |
| | | | | 1,000,000 | 929,000 |
| DCWV Acquisition Corporation (1%)* | Arts & Crafts and Home Decor Products Designer and Supplier | Subordinated Note (12% Cash, 3% PIK, Due 09/17) [5] | 6,617,147 | 6,178,633 | 3,958,000 |
| | | Series A Preferred Equity (1,200 shares) | | 1,200,000 | — |
| | | | 6,617,147 | 7,378,633 | 3,958,000 |
| DialogDirect, Inc. (5%)* | Business Process Outsourcing Provider | Subordinated Note (12% Cash, 1.5% PIK, Due 04/20) | 24,249,162 | 24,033,554 | 24,033,554 |
| | | | 24,249,162 | 24,033,554 | 24,033,554 |
| DLC Acquisition, LLC (5%)* | Staffing Firm | Senior Notes (10% Cash, Due 07/19) | 23,850,000 | 23,454,829 | 23,454,829 |
| | | | 23,850,000 | 23,454,829 | 23,454,829 |
| 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) | 7,308,929 | 7,212,340 | 7,212,340 |
| | | Series A Units (600,000 units) | | 600,000 | 371,000 |
| | | | 7,308,929 | 7,812,340 | 7,583,340 |
| Eckler's Holdings, Inc. (1%)* | Restoration Parts and Accessories for Classic Cars and Trucks | Subordinated Note (11% Cash, 4% PIK, Due 07/18) [6] | 8,013,380 | 7,262,454 | 6,835,000 |
| | | Common Stock (18,029 shares) | | 183,562 | — |
| | | Preferred Stock A (1,596 shares) | | 1,596,126 | — |
| | | | 8,013,380 | 9,042,142 | 6,835,000 |
| Electronic Systems Protection, Inc. (0%)* | Power Protection Systems Manufacturing | Common Stock (570 shares) | | 285,000 | 524,000 |
| | | | | 285,000 | 524,000 |
| FCL Graphics, Inc. (0%)* | Commercial Printing Services | Senior Note (4.7% Cash, Due 09/16) | 1,067,561 | 1,067,561 | 933,000 |
| | | Senior Note (7.8% Cash, 2% PIK, Due 09/16) [5] | 1,232,154 | 1,207,439 | — |
| | | | 2,299,715 | 2,275,000 | 933,000 |
| Flowchem Ltd. (2%)* | Provider of Support Services to Crude Oil Pipeline Operators | Subordinated Note (11% Cash, 2% PIK, Due 06/19) | 7,956,475 | 7,835,038 | 7,835,038 |
| | | Common Units (1,000,000 units) | | 914,835 | 1,719,000 |
| | | | 7,956,475 | 8,749,873 | 9,554,038 |
| FrontStream Payments, Inc. (2%)* | Payment and Donation Management Product Service Provider | Subordinated Note (12.5% Cash Due 12/20) | 12,500,000 | 12,365,232 | 12,365,232 |
| | | | 12,500,000 | 12,365,232 | 12,365,232 |
| Frontstreet Facility Solutions, Inc. (1%)* | Retail, Restaurant and Commercial Facilities Maintenance | Subordinated Note (13% Cash, Due 07/18) | 8,462,629 | 8,379,798 | 5,841,000 |
| | | Series A Convertible Preferred Stock (2,500 shares) | | 250,000 | — |
| | | Series B Convertible Preferred Stock (5,556 shares) | | 500,000 | — |
| | | | 8,462,629 | 9,129,798 | 5,841,000 |
| Frozen Specialties, Inc. (2%)* | Frozen Foods Manufacturer | Subordinated Note (10% Cash, 4% PIK, Due 05/17) | 12,868,637 | 12,868,637 | 10,764,000 |
| | | | 12,868,637 | 12,868,637 | 10,764,000 |
| Garden Fresh Restaurant Holding, LLC (0%)* | Restaurant | Class A Units (5,000 units) | | 500,000 | 41,000 |
| | | | | 500,000 | 41,000 |
| Gilchrist & Soames, Inc. (7%)* | Manufacturer of Personal Care Products | Split Collateral Term Loan (10% Cash, 1.5% PIK, Due 11/19) | 35,153,443 | 34,670,061 | 34,670,061 |
| | | | 35,153,443 | 34,670,061 | 34,670,061 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments
## June 30, 2015

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| GST AutoLeather, Inc. (4%)* | Supplier of Automotive Interior Leather | Subordinated Note (11% Cash, 2% PIK, Due 01/21) | $ 22,437,106 | $ 22,041,446 | $ 22,041,446 |
| | | | 22,437,106 | 22,041,446 | 22,041,446 |
| Hatch Chile Co., LLC (1%)* | Food Products Distributor | Subordinated Note (19% Cash, Due 11/18) | 2,874,375 | 2,874,375 | 2,874,375 |
| | | Subordinated Note (14% Cash, Due 11/18) | 3,148,125 | 2,998,539 | 2,998,539 |
| | | Unit Purchase Warrant (7,817 units) | | 295,800 | 618,000 |
| | | | 6,022,500 | 6,168,714 | 6,490,914 |
| Hickman's Egg Ranch, Inc. (3%)* | Egg Producer | Subordinated Note (12% Cash, Due 06/19) | 15,049,229 | 14,795,939 | 14,795,939 |
| | | | 15,049,229 | 14,795,939 | 14,795,939 |
| HKW Capital Partners IV, L.P. (0%)*[4] | Multi-Sector Holdings | 0.6% Limited Partnership Interest | | 778,294 | 701,000 |
| | | | | 778,294 | 701,000 |
| HTC Borrower, LLC (5%)* | Hunting and Outdoor Products | Subordinated Note (10% Cash, 3% PIK, Due 09/20) | 25,237,863 | 24,875,856 | 24,875,856 |
| | | | 25,237,863 | 24,875,856 | 24,875,856 |
| Huron, Inc. (3%)* | Parts Supplier to Automotive Industry | Subordinated Note (10% Cash, 3% PIK, Due 08/18) | 13,855,242 | 13,800,460 | 13,800,460 |
| | | | 13,855,242 | 13,800,460 | 13,800,460 |
| Inland Pipe Rehabilitation Holding Company LLC (2%)* | Cleaning and Repair Services | Subordinated Note (13% Cash, 2.5% PIK, Due 12/16) | 8,713,217 | 8,678,040 | 8,678,040 |
| | | Membership Interest Purchase Warrant (3%) | | 853,500 | 1,227,000 |
| | | | 8,713,217 | 9,531,540 | 9,905,040 |
| Justrite Manufacturing Company, LLC (3%)* | Storage Product Developer and Supplier for Hazardous Materials | Subordinated Note (10% Cash, 2% PIK, Due 07/19) | 14,926,427 | 14,757,063 | 14,757,063 |
| | | Class A Common Units (1,268 units) | | 118,110 | 265,000 |
| | | Class A Preferred Units (132 units) | | 131,890 | 178,000 |
| | | | 14,926,427 | 15,007,063 | 15,200,063 |
| Magpul Industries Corp. (1%)* | Firearm Accessories Manufacturer and Distributor | Preferred Units (1,470 units) | | 1,470,000 | 2,456,000 |
| | | Common Units (30,000 units) | | 30,000 | 1,523,000 |
| | | | | 1,500,000 | 3,979,000 |
| Media Storm, LLC (1%)* | Marketing Services | Subordinated Note (10% Cash, Due 08/19) | 6,545,455 | 6,513,303 | 6,513,303 |
| | | Membership Units (1,216,204 units) | | 1,176,957 | 1,256,000 |
| | | | 6,545,455 | 7,690,260 | 7,769,303 |
| Micross Solutions LLC (5%)* | Provider of Semiconductor Products and Services | Subordinated Note (12% Cash, 3% PIK, Due 06/18) | 23,341,770 | 23,171,170 | 23,171,170 |
| | | Class A-2 Common Units (1,979,524 units) | | 2,019,693 | 1,683,000 |
| | | | 23,341,770 | 25,190,863 | 24,854,170 |
| My Alarm Center, LLC (0%)* | Security Company | Preferred Units (2,000,000 units) | | 2,000,000 | 1,846,000 |
| | | | | 2,000,000 | 1,846,000 |
| Nautic Partners VII, LP (0%)* | Multi-Sector Holdings | 0.4% Limited Partnership Interest | | 697,325 | 891,000 |
| | | | | 697,325 | 891,000 |
| Nomacorc, LLC (4%)* | Synthetic Wine Cork Producer | Subordinated Note (10% Cash, 1.8% PIK, Due 07/21) | 20,172,453 | 19,794,945 | 19,794,945 |
| | | Limited Partnership Interest | | 2,259,339 | 2,259,339 |
| | | | 20,172,453 | 22,054,284 | 22,054,284 |
| On Event Services, LLC (4%)* | Equipment Rentals | Subordinated Note (10% Cash, 2% PIK, Due 06/20) | 21,620,018 | 20,850,954 | 20,850,954 |
| | | Warrant to Purchase Units (5.4%) | | 1,252,000 | 1,252,000 |
| | | | 21,620,018 | 22,102,954 | 22,102,954 |
| Orchid Underwriters Agency, LLC (5%)* | Insurance Underwriter | Term B Note (10% Cash, Due 11/19) | 22,885,000 | 22,458,739 | 22,458,739 |
| | | Class A Preferred Units (15,000 units) | | 1,500,000 | 1,626,000 |
| | | Class A Common Units (15,000 units) | | — | 170,000 |
| | | | 22,885,000 | 23,958,739 | 24,254,739 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments
## June 30, 2015

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| 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] | $ 8,122,393 | 6,627,482 | 4,154,000 |
| | | Common Unit Purchase Warrants | | 590,200 | — |
| | | | 8,122,393 | 7,217,682 | 4,154,000 |
| Radiant Logistics, Inc. (3%)* | Freight Logistics | Subordinated Note (12% Cash, Due 04/21) | 15,000,000 | 14,708,714 | 14,708,714 |
| | | | 15,000,000 | 14,708,714 | 14,708,714 |
| RockYou, Inc. (0%)* | Mobile Game Advertising Network | Common Stock (67,585 shares) | | 111,000 | 111,000 |
| | | | | 111,000 | 111,000 |
| SPC Partners V, LP (0%)*[4] | Multi-Sector Holdings | 0.7% Limited Partnership Interest | | 745,539 | 704,000 |
| | | | | 745,539 | 704,000 |
| 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 | 15,895,574 | 13,544,030 |
| | | Class C Capital Units (2,000,000 units) | | 1,937,421 | 4,617,000 |
| | | | 16,110,043 | 17,832,995 | 18,161,030 |
| TACH Holdings, Inc. (f/k/a Trinity Consultants Holdings, Inc.) (3%)* | Air Quality Consulting Services | Subordinated Note (10% Cash, 3% PIK, Due 08/20) | 15,403,942 | 15,289,333 | 15,289,333 |
| | | Series A1 Preferred Stock (10,000 units) | | — | 132,000 |
| | | Common Stock (50,000 units) | | 50,000 | 1,189,000 |
| | | | 15,403,942 | 15,339,333 | 16,610,333 |
| Tate's Bake Shop (2%)* | Producer of Baked Goods | Subordinated Note (10% Cash, 3% PIK, Due 02/20) | 10,258,212 | 10,079,524 | 10,079,524 |
| | | Limited Partner Interest | | 999,000 | 1,232,000 |
| | | | 10,258,212 | 11,078,524 | 11,311,524 |
| TCFI Merlin LLC (3%)* | Specialty Staffing Service Provider | Senior Note (10% Cash, 1% PIK, Due 09/19) | 15,117,914 | 14,854,034 | 14,854,034 |
| | | Limited Partnership Units (500,000 units) | | 500,000 | 500,000 |
| | | | 15,117,914 | 15,354,034 | 15,354,034 |
| The Cook & Boardman Group, LLC (3%)* | Distributor of Doors and Related Products | Subordinated Note (10% Cash, 2.5% PIK, Due 03/20) | 14,285,921 | 14,035,758 | 14,035,758 |
| | | Class A Units (1,400,000 units) | | 1,400,000 | 1,696,000 |
| | | | 14,285,921 | 15,435,758 | 15,731,758 |
| The Krystal Company (1%)* | Restaurant | Class A Units of Limited Partnership (2,000 units) | | 638,260 | 2,845,000 |
| | | | | 638,260 | 2,845,000 |
| Top Knobs USA, Inc. (0%)* | Hardware Designer and Distributor | Common Stock (26,593 shares) | | 333,994 | 1,500,000 |
| | | | | 333,994 | 1,500,000 |
| United Biologics, LLC (2%)* | Allergy Immunotherapy | Subordinated Note (12% Cash, 2% PIK, Due 03/17) | 12,498,259 | 12,032,227 | 12,032,227 |
| | | Class A Common Stock (177,935 shares) | | 1,999,989 | 628,000 |
| | | 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 | 161,000 |
| | | | 12,498,259 | 15,007,657 | 12,958,227 |
| Water Pik, Inc. (2%)* | Oral Health and Shower Head Supplier | Second Lien Term Loan (9.8% Cash, Due 01/21) | 8,315,789 | 8,032,801 | 8,032,801 |
| | | | 8,315,789 | 8,032,801 | 8,032,801 |
| Wheel Pros Holdings, Inc. (2%)* | Wheel/Rim and Performance Tire Distributor | Subordinated Note (11% Cash, Due 06/20) | 9,500,000 | 9,312,950 | 9,312,950 |
| | | Class A Units (2,000 units) | | 2,000,000 | 2,769,000 |
| | | | 9,500,000 | 11,312,950 | 12,081,950 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments
## June 30, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| WSO Holdings, LP (0%)* | Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer | Common Points (3,000 points) | | $ 3,000,000 | $ 1,767,000 |
| | | | | 3,000,000 | 1,767,000 |
| **Subtotal Non–Control / Non–Affiliate Investments** | | | **$ 637,836,138** | **677,505,732** | **662,866,063** |
| ***Affiliate Investments:*** | | | | | |
| All Aboard America! Holdings Inc. (3%)* | Motor Coach Operator | Subordinated Note (12% Cash, 3% PIK, Due 12/17) | 14,855,491 | 14,693,268 | 14,693,268 |
| | | Membership Units in LLC | | 2,185,492 | 2,903,000 |
| | | | 14,855,491 | 16,878,760 | 17,596,268 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC (2%)* | Lighting Wholesale and Distribution | Subordinated Note (12% Cash, 2% PIK, Due 06/17) | 7,156,512 | 7,089,304 | 7,089,304 |
| | | Membership Units (8,364 units) | | 620,653 | 1,666,000 |
| | | | 7,156,512 | 7,709,957 | 8,755,304 |
| Asset Point, LLC (2%)* | Asset Management Software Provider | Senior Note (11.3% Cash, 4.8% PIK, Due 06/15) | 8,182,903 | 8,182,901 | 8,182,901 |
| | | Subordinated Note (12% Cash, 2% PIK, Due 07/15) | 662,937 | 662,937 | 662,937 |
| | | Membership Units (1,000,000 units) | | 8,203 | — |
| | | Options to Purchase Membership Units (342,407 units) | | 500,000 | 206,000 |
| | | Membership Unit Warrants (356,506 units) | | — | — |
| | | | 8,845,840 | 9,354,041 | 9,051,838 |
| Captek Softgel International, Inc. (4%)* | Nutraceutical Manufacturer | Subordinated Note (9.5% Cash, Due 02/20) | 16,872,635 | 16,728,480 | 16,728,480 |
| | | Class A Units (80,000 units) | | 737,468 | 1,758,000 |
| | | | 16,872,635 | 17,465,948 | 18,486,480 |
| CIS Secure Computing Inc. (2%)* | Secure Communications and Computing Solutions Provider | Subordinated Note (12% Cash, 4% PIK, Due 06/17) | 11,110,612 | 11,063,222 | 10,412,000 |
| | | Common Stock (84 shares) | | 502,320 | 46,000 |
| | | | 11,110,612 | 11,565,542 | 10,458,000 |
| DPII Holdings, LLC (1%)* | Satellite Communication Business | Senior Note (12% Cash, 4% PIK, Due 07/17) | 3,523,084 | 3,475,238 | 3,475,238 |
| | | Class A Membership Interest (17,308 units) | | 1,107,692 | 1,107,692 |
| | | | 3,523,084 | 4,582,930 | 4,582,930 |
| Dyson Corporation (0%)* | Custom Forging and Fastener Supplies | Common Units (1,000,000 units) | | 1,000,000 | 132,000 |
| | | | | 1,000,000 | 132,000 |
| Frank Entertainment Group, LLC (3%)* | Movie Theatre and Family Entertainment Operator | Senior Note (10% Cash, 5.8% PIK, Due 06/18) | 9,446,864 | 9,340,790 | 9,340,790 |
| | | 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 C Redeemable Preferred Units (8,615 units) | | 200,000 | 200,000 |
| | | Class A Common Units (43,077 units) | | 1,000,000 | — |
| | | Class A Common Warrants | | 632,000 | — |
| | | | 9,446,864 | 15,540,790 | 15,768,504 |
| Halcyon Healthcare, LLC (3%)* | Provider of Hospice Services | Subordinated Note (10% Cash, Due 10/19) | 11,500,000 | 11,297,068 | 11,297,068 |
| | | Preferred Interests (2,000,000 interests) | | 2,000,000 | 2,492,000 |
| | | | 11,500,000 | 13,297,068 | 13,789,068 |
| Main Street Gourmet, LLC (1%)* | Baked Goods Provider | Jr. Subordinated Notes (8% Cash, 2% PIK, Due 08/19) | 770,519 | 763,675 | 763,675 |
| | | Preferred Units (233 units) | | 211,867 | 349,000 |
| | | Common B Units (3,000 units) | | 23,140 | 1,668,000 |
| | | Common A Units (1,652 units) | | 14,993 | 919,000 |
| | | | 770,519 | 1,013,675 | 3,699,675 |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Schedule of Investments**
**June 30, 2015**

| Portfolio Company | Industry | Type of Investment[(1)(2)(7)] | Principal Amount | Cost | Fair Value[(3)] |
|---|---|---|---|---|---|
| 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 | — |
| NB Products, Inc. (6%)* | Distributor of Work Apparel and Accessories | Subordinated Note (12% Cash, 2% PIK, Due 02/20) | $ 20,516,406 | 20,086,736 | 20,086,736 |
| | | Jr. Subordinated Note (10% PIK, Due 02/20) | 4,057,822 | 3,907,927 | 3,907,927 |
| | | 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 |
| | | | 24,574,228 | 31,950,049 | 31,950,049 |
| PCX Aerostructures, LLC (4%)* | Aerospace Component Manufacturer | Subordinated Note (11% Cash, 3% PIK, Due 04/19) | 19,720,179 | 19,412,085 | 19,412,085 |
| | | Series A Preferred Stock (5,344 shares) | | 5,343,953 | 3,023,000 |
| | | Class A Common Stock (107,416 shares) | | 26,854 | — |
| | | | 19,720,179 | 24,782,892 | 22,435,085 |
| QC Holdings, Inc. (0%)* | Lab Testing Services | Common Stock (1,308 shares) | | 23,162 | 16,400 |
| | | | | 23,162 | 16,400 |
| Team Waste, LLC (1%)* | Environmental and Facilities Services | Preferred Units (25 units) | | 5,000,000 | 5,000,000 |
| | | | | 5,000,000 | 5,000,000 |
| Technology Crops, LLC (2%)* | Supply Chain Management Services | Subordinated Note (12% Cash, 5% PIK, Due 03/18) | 10,968,808 | 10,968,807 | 10,968,807 |
| | | Common Units (50 units) | | 500,000 | 923,000 |
| | | | 10,968,808 | 11,468,807 | 11,891,807 |
| TGaS Advisors, LLC (2%)* | Advisory Solutions to Pharmaceutical Companies | Senior Note (10% Cash, 1% PIK, Due 11/19) | 9,897,811 | 9,687,429 | 9,687,429 |
| | | Preferred Units (1,685,357 units) | | 1,685,357 | 1,685,357 |
| | | | 9,897,811 | 11,372,786 | 11,372,786 |
| 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 |
| United Retirement Plan Consultants, Inc. (0%)* | Retirement Plan Administrator | Preferred A Shares (90,000 shares) | | 900,000 | 877,000 |
| | | Common Shares (10,000 shares) | | 100,000 | — |
| | | | | 1,000,000 | 877,000 |
| 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 | 724,000 |
| | | Common Unit Purchase Warrant (1,170,083 units) | | 748,900 | — |
| | | Common Units (153,219 units) | | 180,783 | — |
| | | | | 6,485,001 | 724,000 |
| Wythe Will Tzetzo, LLC (1%)* | Confectionery Goods Distributor | Series A Preferred Units (99,829 units) | | — | 7,694,000 |
| | | | | — | 7,694,000 |
| **Subtotal Affiliate Investments** | | | **149,242,583** | **193,995,315** | **197,281,194** |
| ***Control Investments:*** | | | | | |
| CRS Reprocessing, LLC (3%)* | Fluid Reprocessing Services | Senior Notes (3.7% Cash, Due 06/16) | 2,942,769 | 2,942,769 | 2,942,769 |
| | | Split Collateral Term Loans (10.5% Cash, Due 06/16) | 3,192,464 | 3,192,464 | 3,192,464 |
| | | Series F Preferred Units (705,321 units) | | 9,134,807 | 8,725,000 |
| | | Common Units (15,174 units) | | — | — |
| | | | 6,135,233 | 15,270,040 | 14,860,233 |
| Gerli & Company (0%)* | Specialty Woven Fabrics Manufacturer | Subordinated Note (13% Cash, Due 09/15) [(6)] | 533,420 | 375,000 | 375,000 |
| | | Subordinated Note (8.5% Cash, Due 09/15) [(6)] | 4,309,972 | 3,000,000 | 533,000 |
| | | 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) | | 100,000 | — |
| | | | 4,843,392 | 4,491,440 | 908,000 |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Schedule of Investments**
**June 30, 2015**

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| PartsNow!, LLC (0%)* | Printer Parts Distributor | Subordinated Note (15% PIK, Due 08/17) (6) | $ 13,527,187 | $ 11,487,784 | $ 2,000,000 |
| | | Preferred Membership Units (5,500,000 units) | | 5,500,000 | — |
| | | Common Member Units (1,500,000 units) | | 1,429,539 | — |
| | | Royalty Rights | | — | — |
| | | | 13,527,187 | 18,417,323 | 2,000,000 |
| SRC Worldwide, Inc. (1%)* | Specialty Chemical Manufacturer | Common Stock (5,000 shares) | | 8,228,000 | 6,983,000 |
| | | | | 8,228,000 | 6,983,000 |
| **Subtotal Control Investments** | | | **24,505,812** | **46,406,803** | **24,751,233** |
| **Total Investments, June 30, 2015 (172%)*** | | | **$ 811,584,533** | **$ 917,907,850** | **$ 884,898,490** |

* 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.

(4) 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 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

(7) All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's senior secured credit facility or in support of the SBA-guaranteed debentures issued by Triangle Mezzanine Fund LLLP and Triangle Mezzanine Fund II LP.

(8) Prior to quarter end, the Company closed on a $17.4 million new investment in All Metro Health Care Services, Inc. that had not yet settled as of June 30, 2015. As such, a payable related to this unsettled transaction has been recorded in the Unaudited Consolidated Balance Sheet as of June 30, 2015.

*See accompanying notes.*

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2014

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | 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 | 1,102,000 |
| 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 | 240,000 |
| 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 |
| | | | 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 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2014

| Portfolio Company | Industry | Type of Investment[1][2][7] | 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 |
| Data Source, Inc. (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 (47,503 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 Classic Cars and Trucks | 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 | — |
| | | Preferred Stock A (1,596 shares) | | 1,596,126 | — |
| | | | 7,376,429 | 9,042,142 | 5,578,000 |
| Electronic Systems Protection, Inc. (0%)* | Power Protection Systems Manufacturing | Common Stock (570 shares) | | 285,000 | 487,000 |
| | | | | 285,000 | 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 |
| | | Series A Convertible Preferred Stock (2,500 shares) | | 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 | — |

**TRIANGLE CAPITAL CORPORATION**
**Consolidated Schedule of Investments**
**December 31, 2014**

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| 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 |
| 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) | 2,953,125 | 2,936,635 | 2,936,635 |
| | | Subordinated Note (14% Cash, Due 11/18) | 3,234,375 | 3,043,787 | 3,043,787 |
| | | Unit Purchase Warrant (7,817 units) | | 295,800 | 506,000 |
| | | | 6,187,500 | 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) | 11,421,569 | 10,184,728 | 11,422,000 |
| | | Common Stock Purchase Warrant (487,877 shares) | | 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) | 8,604,721 | 8,470,664 | 8,470,664 |
| | | Membership Interest Purchase Warrant (3%) | | 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) | 20,205,519 | 19,931,514 | 19,931,514 |
| | | Common Units (7,314 Class A Units) | | 1,699,847 | 1,664,000 |
| | | | 20,205,519 | 21,631,361 | 21,595,514 |
| Justrite Manufacturing Company, LLC (3%)* | Storage Product Developer and Supplier for Hazardous Materials | Subordinated Note (10% Cash, 2% PIK, Due 07/19) | 14,777,458 | 14,591,250 | 14,591,250 |
| | | Class A Common Units (1,268 units) | | 118,110 | 155,000 |
| | | Class A Preferred Units (132 units) | | 131,890 | 171,000 |
| | | | 14,777,458 | 14,841,250 | 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 |
| | | | | 1,500,000 | 3,810,000 |
| 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 |

**TRIANGLE CAPITAL CORPORATION**
**Consolidated Schedule of Investments**
**December 31, 2014**

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| 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 |
| Orchid Underwriters Agency, LLC (5%)* | Insurance Underwriter | Subordinated Note (10% Cash, Due 11/19) | 22,942,500 | 22,495,703 | 22,495,703 |
| | | 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 |
| | | Class C Capital 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 |
| | | | 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) | 10,105,217 | 9,912,146 | 9,912,146 |
| | | Limited Partner Interest | | 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) | 15,042,126 | 14,753,871 | 14,753,871 |
| | | Limited Partnership Units (500,000 units) | | 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) | 14,108,034 | 13,837,735 | 13,837,735 |
| | | Class A Units (1,400,000 units) | | 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) | 12,870,825 | 12,288,416 | 12,288,416 |
| | | 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 |
| | | | 12,870,825 | 15,263,846 | 13,488,416 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2014

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| United Retirement Plan Consultants, Inc. (0%)* | Retirement Plan Administrator | Preferred A Shares (90,000 shares) | | $ 900,000 | $ 1,215,000 |
| | | Common Shares (10,000 shares) | | 100,000 | — |
| | | | | 1,000,000 | 1,215,000 |
| 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) | 9,500,000 | 9,299,238 | 9,299,238 |
| | | Class A Units (2,000 units) | | 2,000,000 | 2,303,000 |
| | | | 9,500,000 | 11,299,238 | 11,602,238 |
| 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) | 14,633,379 | 14,442,239 | 14,442,239 |
| | | Membership Units in LLC | | 2,185,492 | 2,207,492 |
| | | | 14,633,379 | 16,627,731 | 16,649,731 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC (2%)* | Lighting Wholesale and Distribution | Subordinated Note (12% Cash, 2% PIK, Due 06/16) | 7,084,969 | 7,069,614 | 7,069,614 |
| | | Membership Units (8,364 units) | | 620,653 | 936,000 |
| | | | 7,084,969 | 7,690,267 | 8,005,614 |
| AP Services, Inc. (0%)* | Fluid Sealing Supplies and Services | Class A Units (933 units) | | 1,486 | 2,394 |
| | | Class B Units (496 units) | | — | 1,272 |
| | | | | 1,486 | 3,666 |
| Asset Point, LLC (2%)* | Asset Management Software Provider | Senior Note (11.3% Cash, 4.8% PIK, Due 03/15) | 7,990,174 | 7,990,172 | 7,990,172 |
| | | Subordinated Note (12% Cash, 2% PIK, Due 07/15) | 656,310 | 656,310 | 656,310 |
| | | Membership Units (1,000,000 units) | | 8,203 | — |
| | | Options to Purchase Membership Units (342,407 units) | | 500,000 | 204,000 |
| | | 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 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2014

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | 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, LLC (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 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 |
| 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 Tzetzo, 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) | | 100,000 | — |
| | | | 4,631,713 | 4,491,440 | 918,000 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2014

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| PartsNow!, LLC (1%)* | Printer Parts Distributor | Subordinated Note (12% Cash, 3% PIK, Due 08/17) [6] | $ 12,545,858 | $ 11,487,784 | $ 6,233,000 |
| | | 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.

(4) 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 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

(7) All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's senior secured credit facility or in support of the SBA-guaranteed debentures issued by Triangle Mezzanine Fund LLLP and Triangle Mezzanine Fund II LP.

*See accompanying notes.*

## 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”), are specialty finance companies. 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 business development company ("BDC") under the Investment Company Act of 1940 (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. Triangle SBIC has also elected to be treated as a BDC under the 1940 Act.

### *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. The Company elected early adoption of this standard on January 1, 2015. As a result, deferred financing fees related to the Company's outstanding notes and SBA-guaranteed debentures payable 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 debt securities. Debt issuance costs related to the Company's senior secured credit facility will continue to be presented as an asset on the Company’s Consolidated Balance Sheets. ASU 2015-03 is effective for interim and annual periods beginning after December 15, 2015. 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.

## 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 |
|---|---|---|---|---|
| **June 30, 2015:** | | | | |
| Subordinated debt and 2nd lien notes | $ 701,900,002 | 76% | $ 669,517,627 | 76% |
| Senior debt and 1st lien notes | 92,229,433 | 10 | 90,887,433 | 10 |
| Equity shares | 117,562,497 | 13 | 120,812,430 | 14 |
| Equity warrants | 6,215,918 | 1 | 3,681,000 | — |
| Royalty rights | — | — | — | — |
| | $ 917,907,850 | 100% | $ 884,898,490 | 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% |

During the three months ended June 30, 2015, the Company made four new investments totaling approximately $49.9 million and investments in nine existing portfolio companies totaling approximately $15.2 million. During the six months ended June 30, 2015, the Company made seven new investments totaling approximately $129.3 million and investments in twelve existing portfolio companies totaling approximately $33.9 million.

During the three months ended June 30, 2014, the Company made five new investments totaling approximately $61.3 million and investments in five existing portfolio companies totaling approximately $26.0 million. During the six months ended June 30, 2014, the Company made eleven new investments totaling approximately $139.1 million and investments in ten existing portfolio companies totaling approximately $25.8 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 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% |
| June 30, 2015 | 15 | 26% |

(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 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, which generally is either earnings before interest, taxes, depreciation and amortization, as adjusted ("Adjusted EBITDA") or revenues. 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 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.

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 June 30, 2015 and December 31, 2014 are summarized as follows:

| June 30, 2015: | Fair Value(1) | Valuation Model | Level 3 Inputs | Range of Inputs | Weighted Average |
|---|---|---|---|---|---|
| Subordinated debt and 2nd lien notes | $ 621,978,906 | Income Approach | Required Rate of Return | 8.3% – 30.0% | 13.5% |
| | | | Leverage Ratio | 1.4x – 9.2x | 4.1x |
| | | | Adjusted EBITDA | $1.2 million – $77.3 million | $18.8 million |
| Subordinated debt and 2nd lien notes | 31,137,000 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 5.0x – 7.6x | 5.7x |
| | | | Adjusted EBITDA | $1.0 million – $10.3 million | $4.0 million |
| Senior debt and 1st lien notes | 90,887,433 | Income Approach | Required Rate of Return | 3.7% – 16.0% | 11.7% |
| | | | Leverage Ratio | 0.0x – 7.1x | 3.1x |
| | | | Adjusted EBITDA | $1.2 million – $8.0 million | $5.1 million |
| Equity shares and warrants | 124,493,430 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 4.1x – 15.0x | 6.9x |
| | | | Adjusted EBITDA | $1.0 million – $77.3 million | $13.0 million |
| | | | Revenue Multiple | 1.3x – 4.0x | 3.4x |
| | | | Revenues | $9.8 million – $81.0 million | $66.6 million |

(1) Certain investments with a total fair value of $16,401,721 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 |
| Senior debt and 1st lien notes | 115,252,247 | Income Approach | Required Rate of Return | 3.7% – 16.0% | 12.1% |
| | | | Leverage Ratio | 0.0x – 9.0x | 3.2x |
| | | | Adjusted EBITDA | $1.5 million – $8.1 million | $5.4 million |
| Equity shares and warrants | 106,746,851 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 3.0x – 14.9x | 6.6x |
| | | | Adjusted EBITDA | $1.0 million – $74.8 million | $12.1 million |
| | | | 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.

The following table presents the Company's investment portfolio at fair value as of June 30, 2015 and December 31, 2014, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

| | Fair Value as of June 30, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Subordinated debt and 2nd lien notes | $ — | $ — | $ 669,517,627 | $ 669,517,627 |
| Senior debt and 1st lien notes | — | — | 90,887,433 | 90,887,433 |
| Equity shares | — | — | 120,812,430 | 120,812,430 |
| Equity warrants | — | — | 3,681,000 | 3,681,000 |
| Royalty rights | — | — | — | — |
| | $ — | $ — | $ 884,898,490 | $ 884,898,490 |

| | Fair Value as of December 31, 2014 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Subordinated debt and 2nd lien notes | $ — | $ — | $ 660,377,024 | $ 660,377,024 |
| Senior debt and 1st 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 six months ended June 30, 2015 and 2014:

| Six Months Ended June 30, 2015: | Subordinated Debt and 2nd Lien Notes | Senior Debt and 1st 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 | 133,503,814 | 7,446,253 | 21,068,498 | 1,252,000 | — | 163,270,565 |
| Reclassifications | (8,707,740) | — | 8,707,740 | — | — | — |
| Proceeds from sales of investments | — | — | (4,901,207) | (6,992,088) | — | (11,893,295) |
| Loan origination fees received | (2,819,164) | — | — | — | — | (2,819,164) |
| Principal repayments received | (109,212,658) | (33,105,582) | — | — | — | (142,318,240) |
| PIK interest earned | 6,731,749 | 929,111 | — | — | — | 7,660,860 |
| PIK interest payments received | (6,478,328) | (1,206,033) | — | — | — | (7,684,361) |
| Accretion of loan discounts | 202,718 | 35,511 | — | — | — | 238,229 |
| Accretion of deferred loan origination revenue | 2,531,596 | 671,072 | — | — | — | 3,202,668 |
| Realized gain (loss) | (17,652,163) | 804,802 | 302,790 | 2,742,537 | — | (13,802,034) |
| Unrealized gain (loss) | 11,040,779 | 60,052 | (7,498,242) | (1,782,449) | — | 1,820,140 |
| Fair value, end of period | $ 669,517,627 | $ 90,887,433 | $ 120,812,430 | $ 3,681,000 | $ — | $ 884,898,490 |

| Six Months Ended June 30, 2014: | Subordinated Debt and 2nd Lien Notes | Senior Debt and 1st 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 | 137,230,617 | 10,200,175 | 16,777,550 | 632,000 | — | 164,840,342 |
| Reclassifications | (3,964,597) | (5,963,403) | 11,715,000 | (1,787,000) | — | — |
| Proceeds from sales of investments | — | — | (5,800,481) | (11,020,560) | — | (16,821,041) |
| Loan origination fees received | (2,625,648) | (212,778) | — | — | — | (2,838,426) |
| Principal repayments received | (88,089,399) | (116,058) | — | — | — | (88,205,457) |
| PIK interest earned | 7,369,836 | 511,468 | — | — | — | 7,881,304 |
| PIK interest payments received | (5,267,116) | — | — | — | — | (5,267,116) |
| Accretion of loan discounts | 644,575 | — | — | — | — | 644,575 |
| Accretion of deferred loan origination revenue | 1,722,418 | 61,185 | — | — | — | 1,783,603 |
| Realized gains | 126,617 | — | 2,055,808 | 9,571,750 | — | 11,754,175 |
| Unrealized gain (loss) | 269,176 | 3,929 | 9,107,693 | (11,175,793) | (73,000) | (1,867,995) |
| Fair value, end of period | $ 561,884,054 | $ 50,453,283 | $ 113,790,816 | $ 10,149,000 | $ — | $ 736,277,153 |

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 $2.1 million and $9.6 million, respectively, during the three and six months ended June 30, 2015 were related to portfolio company investments that were still held by the Company as of June 30, 2015. Pre-tax net unrealized gains on investments of $11.1 million and $9.4 million, respectively, during the three and six months ended June 30, 2014 were related to portfolio company investments that were still held by the Company as of June 30, 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 six months ended June 30, 2015, the Company made investments of approximately $159.3 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the six months ended June 30, 2015, the Company made investments of $4.0 million in companies to which it was previously committed to provide the financial support. During the six months ended June 30, 2014, the Company made investments of approximately $25.8 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the six months ended June 30, 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 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 June 30, 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 June 30, 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.

As of June 30, 2015, $662.7 million of the Company's assets were pledged as collateral for the Company's third amended and restated senior secured credit facility (the "Credit Facility") and $351.0 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 June 30, 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 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 June 30, 2015 and December 31, 2014 was approximately $923.1 million and $927.7 million, respectively.

## 4. BORROWINGS

The Company had the following borrowings outstanding as of June 30, 2015 and December 31, 2014:

| Issuance/Pooling Date | Maturity Date | Interest Rate as of June 30, 2015 | June 30, 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% | 7,672,590 | 7,579,806 |
| Less: Deferred financing fees | | | (4,700,676) | (5,082,708) |
| Total SBA-Guaranteed Debentures | | | 220,171,914 | 219,697,098 |
| Credit Facility: | | | | |
| May 4, 2015 | May 3, 2020 | 3.065% | 88,758,498 | 62,619,883 |
| Total Credit Facility | | | $ 88,758,498 | $ 62,619,883 |
| Notes: | | | | |
| March 2, 2012 | March 15, 2019 | 7.000% | — | 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 | | | (4,899,739) | (3,853,776) |
| Total Notes | | | $ 161,850,261 | $ 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.

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 June 30, 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 June 30, 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 June 30, 2015 and December 31, 2014 was 4.03%, respectively. As of both June 30, 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 June 30, 2015 and December 31, 2014, the carrying amounts of the SBA-guaranteed debentures was approximately $220.2 million and $219.7 million, respectively. As of June 30, 2015 and December 31, 2014, the fair values of the SBA-guaranteed debentures were $230.3 million and $230.4 million, respectively.

***Credit Facility***

In May 2015, the Company entered into a third amended and restated senior secured credit facility (the “Credit Facility”). The Credit Facility, which has an initial commitment of $300.0 million supported by 14 financial institutions, replaced the Company's $165.0 million senior secured credit facility entered into in June 2013 (the "Prior Facility"). The Credit Facility, which matures May 3, 2020, allows the Company to borrow foreign currencies directly under the Credit Facility.

The Credit Facility has an accordion feature that allows for an increase in the total borrowing size up to $350.0 million, subject to certain conditions and the satisfaction of specified financial covenants. 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 the Company’s wholly-owned SBIC subsidiaries.

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% (or, after one year, 1.50% if the Company receives an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or, after one year, 2.50% if the Company receives an investment grade credit rating), or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75% (or, after one year, 2.50% if the Company receives an investment grade credit rating). 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 plus 2.0%. The applicable LIBOR rate depends on the term of the draw under the Credit Facility. The Company pays a commitment fee of 1.00% per annum on undrawn amounts if the used portion of the facility is less than or equal to 25.0% of total commitments, or 0.375% per annum on undrawn amounts if the used portion of the facility is greater than 25.0% of total commitments.

Borrowings under the Prior Facility bore 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 was 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 depended upon the term of a draw under the Prior Facility. The Company paid a commitment fee of 0.375% per annum on undrawn amounts, which was included with interest and other financing fees on the Company's Consolidated Statements of Operations. Borrowings under the Prior Facility were also limited to a borrowing base, which included certain cash and a portion of eligible debt investments.

As of June 30, 2015, the Company had United States dollar borrowings of $75.0 million outstanding under the Credit Facility with an interest rate of 2.94% and non-United States dollar borrowings denominated in Canadian dollars of $17.0 million ($13.8 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 Prior 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 Prior 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 June 30, 2015 and December 31, 2014, the fair values of the borrowings outstanding under the Credit Facility and Prior Facility, were $88.8 million and $62.6 million, respectively.

As with the Prior Facility, 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, (iii) maintaining a minimum asset coverage ratio and (iv) maintaining the Company's status as a regulated investment company and as a BDC. The Credit Facility also contains customary events of default with customary cure and notice provisions, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default to other indebtedness, bankruptcy, change of control, and material adverse effect. The Credit Facility also permits the Administrative Agent to select an independent third party valuation firm to determine valuations of certain portfolio investments for purposes of borrowing base provisions. As of June 30, 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 were redeemed in full on June 22, 2015 for a total redemption price of $69.0 million, which resulted in a loss on the extinguishment of debt of $1.4 million. Prior to the redemption, the 2019 Notes bore 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.

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 June 30, 2015 and December 31, 2014, the carrying amount of the December 2022 Notes was $78.3 million and $78.2 million, respectively. As of June 30, 2015 and December 31, 2014, the fair values of the December 2022 Notes were $82.1 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 $83.4 million. As of June 30, 2015, the carrying amount of the March 2022 Notes was $83.5 million. As of June 30, 2015, the fair values of the March 2022 Notes were $88.7 million. The fair values of 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 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.

The following table presents information with respect to the Plan for the six months ended June 30, 2015 and 2014:

| | Six Months Ended June 30, 2015 | | Six Months Ended June 30, 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 | 360,840 | $21.82 | 282,630 | $26.09 |
| Shares vested during the period | (235,485) | $24.09 | (201,634) | $21.39 |
| Unvested shares, end of period | 788,320 | $24.17 | 673,169 | $25.48 |

In the three and six months ended June 30, 2015, the Company recognized equity-based compensation expense of approximately $1.8 million and $3.4 million, respectively. In the three and six months ended June 30, 2014, the Company recognized equity-based compensation expense of approximately $1.5 million and $2.8 million, respectively. This expense is included in general and administrative expenses in the Company's Unaudited Consolidated Statements of Operations.

As of June 30, 2015, there was approximately $16.2 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 2.3 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 Worldwide, Inc. into common stock. After giving effect to this conversion, the Company owned 100% of SRC Worldwide, Inc.'s outstanding common stock. During both the three months ended June 30, 2015 and June 30, 2014, the Company received management and other fees from SRC Worldwide, Inc. totaling $100,000. During both the six months ended June 30, 2015 and June 30, 2014, the Company received management and other fees from SRC Worldwide, Inc. totaling $200,000. 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. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The balance of unused commitments to extend credit as June 30, 2015 and December 31, 2014 were as follows:

| | June 30, 2015 | December 31, 2014 |
|---|---|---|
| Delayed Draw Term Loans | $ 14,675,000 | $ 9,176,020 |
| Equity Investments in Portfolio Companies | 6,340,661 | 285,715 |
| Private Equity | 4,298,084 | 4,758,882 |
| Revolver | 7,900,000 | 10,000,000 |
| Total Unused Commitments | $ 33,213,745 | $ 24,220,617 |

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.

## 8. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the six months ended June 30, 2015 and 2014:

| | Six Months Ended June 30, 2015 | Six Months Ended June 30, 2014 |
|---|---|---|
| Per share data: | | |
| Net asset value at beginning of period | $ 16.11 | $ 16.10 |
| Net investment income(1) | 1.02 | 1.02 |
| Net realized gain (loss) on investments(1) | (0.42) | 0.42 |
| Net unrealized appreciation (depreciation) on investments / foreign currency(1) | 0.06 | (0.10) |
| Total increase from investment operations(1) | 0.66 | 1.34 |
| Dividends paid to stockholders from net investment income | (1.18) | (1.08) |
| Dividends paid to stockholders from realized gains | — | (0.30) |
| Total dividends paid | (1.18) | (1.38) |
| Shares issued pursuant to Dividend Reinvestment Plan | 0.02 | 0.02 |
| Stock-based compensation | (0.10) | (0.11) |
| Loss on extinguishment of debt(1) | (0.04) | — |
| Benefit (provision) for taxes(1) | — | (0.03) |
| Other(2) | — | 0.01 |
| Net asset value at end of period | $ 15.47 | $ 15.95 |
| Market value at end of period(3) | $ 23.44 | $ 28.37 |
| Shares outstanding at end of period | 33,272,167 | 27,939,795 |
| Net assets at end of period | $ 514,816,781 | $ 445,774,416 |
| Average net assets | $ 528,821,227 | $ 448,378,127 |
| Ratio of total expenses, including provision for taxes and loss on extinguishment of debt, to average net assets (annualized) | 10.44% | 9.51% |
| Ratio of net investment income to average net assets (annualized) | 12.83% | 12.71% |
| Portfolio turnover ratio | 18.08% | 15.82% |
| Total return(4) | 21.34% | 7.59% |
| **Supplemental Data:** | | |
| Efficiency ratio(5) | 18.62% | 20.78% |

(1) Weighted average basic per share data.

(2) Represents the impact of the different share amounts used in calculating per share data as a result of calculating 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.

(4) Total return equals the change in the ending market value of the Company’s common stock during the period, plus 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 July 2015, the Company invested $15.3 million in subordinated debt and equity of Community Medical Group, an operator of primary care clinics. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

In July 2015, the Company invested $11.2 million in subordinated debt of Community Intervention Services, a provider of community-based and outpatient behavioral health services. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates**
**Six Months Ended June 30, 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) | June 30, 2015 Value |
|---|---|---|---|---|---|---|
| ***Control Investments:*** | | | | | | |
| CRS Reprocessing, LLC | Senior Notes (3.7% Cash) | $ 16,892 | $ — | $ 2,942,769 | $ — | $ 2,942,769 |
| | Split Collateral Term Loans (10.5% Cash, Due 06/16) | 32,589 | — | 3,192,464 | — | 3,192,464 |
| | Series F Preferred Units (705,321 units) | — | — | 8,725,000 | — | 8,725,000 |
| | Common Units (15,174 units) | — | — | — | — | — |
| | | 49,481 | — | 14,860,233 | — | 14,860,233 |
| Gerli & Company | Subordinated Note (13% Cash) | — | 375,000 | — | — | 375,000 |
| | Subordinated Note (8.5% Cash) | — | 543,000 | — | 10,000 | 533,000 |
| | 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 | — | 10,000 | 908,000 |
| PartsNow!, LLC | Subordinated Note (15% PIK) | — | 6,233,000 | — | 4,233,000 | 2,000,000 |
| | Preferred Membership Units (5,500,000 units) | — | — | 1,500,000 | 1,500,000 | — |
| | Common Member Units (1,500,000 units) | — | — | — | — | — |
| | Royalty Rights | — | — | — | — | — |
| | | — | 6,233,000 | 1,500,000 | 5,733,000 | 2,000,000 |
| SRC, Inc. | Common Stock (5,000 shares) | 200,000 | 7,824,000 | — | 841,000 | 6,983,000 |
| | | 200,000 | 7,824,000 | — | 841,000 | 6,983,000 |
| **Total Control Investments** | | **249,481** | **14,975,000** | **16,360,233** | **6,584,000** | **24,751,233** |
| ***Affiliate Investments:*** | | | | | | |
| All Aboard America! Holdings Inc. | Subordinated Note (12% Cash, 3% PIK) | 1,186,975 | 14,442,239 | 251,029 | — | 14,693,268 |
| | Membership Units in LLC | — | 2,207,492 | 695,508 | — | 2,903,000 |
| | | 1,186,975 | 16,649,731 | 946,537 | — | 17,596,268 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC | Subordinated Note (12% Cash, 2% PIK) | 548,580 | 7,069,614 | 119,327 | 99,637 | 7,089,304 |
| | Membership Units (8,364 units) | — | 936,000 | 730,000 | — | 1,666,000 |
| | | 548,580 | 8,005,614 | 849,327 | 99,637 | 8,755,304 |
| 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 | — |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates**
**Six Months Ended June 30, 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) | June 30, 2015 Value |
|---|---|---|---|---|---|---|
| Asset Point, LLC | Senior Note (11.3% Cash, 4.8% PIK) | $ 649,193 | $ 7,990,172 | $ 192,729 | $ — | $ 8,182,901 |
| | Subordinated Note (12% Cash, 2% PIK) | 46,391 | 656,310 | 6,627 | — | 662,937 |
| | Membership Units (1,000,000 units) | — | — | — | — | — |
| | Options to Purchase Membership Units (342,407 units) | — | 204,000 | 2,000 | — | 206,000 |
| | Membership Unit Warrants (356,506 units) | — | — | — | — | — |
| | | 695,584 | 8,850,482 | 201,356 | — | 9,051,838 |
| Captek Softgel International, Inc. | Subordinated Note (9.5% Cash) | 818,476 | 16,715,906 | 12,574 | — | 16,728,480 |
| | Class A Units (80,000 units) | — | 1,719,000 | 39,000 | — | 1,758,000 |
| | | 818,476 | 18,434,906 | 51,574 | — | 18,486,480 |
| CIS Secure Computing Inc. | Subordinated Note (12% Cash, 4% PIK) | 922,729 | 10,035,000 | 377,000 | — | 10,412,000 |
| | Common Stock (84 shares) | — | 40,000 | 6,000 | | 46,000 |
| | | 922,729 | 10,075,000 | 383,000 | — | 10,458,000 |
| DPII Holdings, LLC | Senior Note (12% Cash, 4% PIK) | 290,412 | 3,394,913 | 80,325 | — | 3,475,238 |
| | Class A Membership Interest (17,308 units) | — | 1,107,692 | — | — | 1,107,692 |
| | | 290,412 | 4,502,605 | 80,325 | — | 4,582,930 |
| Dyson Corporation | Class A Units (1,000,000 units) | — | 324,000 | — | 192,000 | 132,000 |
| | | — | 324,000 | — | 192,000 | 132,000 |
| Frank Entertainment Group, LLC | Senior Note (10% Cash, 5.8% PIK) | 732,247 | 8,513,033 | 827,757 | — | 9,340,790 |
| | Class A Redeemable Preferred Units (10.5% Cash) (196,718 units) | 238,414 | 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 C Redeemable Preferred Units (8,615 units) | — | — | 200,000 | — | 200,000 |
| | Class A Common Units (43,077 units) | — | — | — | — | — |
| | Class A Common Warrants | — | — | — | — | — |
| | | 970,661 | 14,455,033 | 1,313,471 | — | 15,768,504 |
| Halcyon Healthcare, LLC | Subordinated Note (10% Cash) | 637,693 | 11,278,779 | 18,289 | — | 11,297,068 |
| | Preferred Interests (2,000,000 interests) | — | 2,000,000 | 492,000 | — | 2,492,000 |
| | | 637,693 | 13,278,779 | 510,289 | — | 13,789,068 |
| Main Street Gourmet, LLC | Jr. Subordinated Note (8% Cash, 2% PIK) | 40,238 | 754,197 | 9,478 | — | 763,675 |
| | Preferred Units (233 units) | — | 333,000 | 16,000 | — | 349,000 |
| | Common B Units (3,000 units) | — | 1,108,000 | 560,000 | — | 1,668,000 |
| | Common A Units (1,652 units) | — | 610,000 | 309,000 | — | 919,000 |
| | | 40,238 | 2,805,197 | 894,478 | — | 3,699,675 |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates**
**Six Months Ended June 30, 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) | June 30, 2015 Value |
|---|---|---|---|---|---|---|
| Minco Technology Labs | Subordinated Note (6.5% Cash, 3.5% PIK) | $ 180,818 | $ — | $ 5,665,445 | $ 5,665,445 | $ — |
| | Class A Units (5,000 HoldCo. units) | — | — | — | — | — |
| | Class A Units (3,907 OpCo. units) | — | — | — | — | — |
| | | 180,818 | — | 5,665,445 | 5,665,445 | — |
| NB Products, Inc. | Subordinated Note (12% Cash, 2% PIK) | 1,211,114 | — | 20,086,736 | — | 20,086,736 |
| | Jr. Subordinated Note (10% PIK) | 144,447 | — | 3,907,927 | — | 3,907,927 |
| | 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 |
| | | 1,512,340 | — | 31,950,049 | — | 31,950,049 |
| PCX Aerostructures, LLC | Subordinated Note (11% Cash, 3% PIK) | 1,405,884 | 19,087,302 | 324,783 | — | 19,412,085 |
| | Series A Preferred Stock (5,344 shares) | — | 5,343,953 | — | 2,320,953 | 3,023,000 |
| | Class A Common Stock (107,416 shares) | — | 26,854 | — | 26,854 | — |
| | | 1,405,884 | 24,458,109 | 324,783 | 2,347,807 | 22,435,085 |
| Playhaven, LLC | Senior Note (9.5% Cash, 2.5% PIK) | 2,098,065 | 20,712,285 | 2,534,778 | 23,247,063 | — |
| | Class A Common Units (999,999 units) | — | 869,999 | 464,000 | 1,333,999 | — |
| | Class C Common Units (1 unit) | — | 5,001 | — | 5,001 | — |
| | | 2,098,065 | 21,587,285 | 2,998,778 | 24,586,063 | — |
| QC Holdings, Inc. | Common Stock (5,594 shares) | — | 470,000 | 147,840 | 601,440 | 16,400 |
| | | — | 470,000 | 147,840 | 601,440 | 16,400 |
| Team Waste, LLC | Preferred Units (25 units) | 50,000 | — | 5,000,000 | — | 5,000,000 |
| | | 50,000 | — | 5,000,000 | — | 5,000,000 |
| Technology Crops, LLC | Subordinated Note (12% Cash, 5% PIK) | 950,917 | 10,670,076 | 298,731 | — | 10,968,807 |
| | Common Units (50 units) | — | 162,000 | 761,000 | — | 923,000 |
| | | 950,917 | 10,832,076 | 1,059,731 | — | 11,891,807 |
| TGaS Advisors, LLC | Subordinated Note (10% Cash, 1% PIK) | 570,378 | 9,742,396 | 69,519 | 124,486 | 9,687,429 |
| | Preferred Units (1,685,357) | — | 1,685,357 | — | | 1,685,357 |
| | | 570,378 | 11,427,753 | 69,519 | 124,486 | 11,372,786 |
| UCS Super HoldCo LLC | 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 |
| United Retirment Plan Consultants, Inc. | Preferred A Shares (90,000 shares) | — | — | 1,215,000 | 338,000 | 877,000 |
| | Common Shares (10,000 shares) | — | — | — | — | — |
| | | — | — | 1,215,000 | 338,000 | 877,000 |
| Venture Technology Groups, Inc. | Subordinated Note (12.5% Cash, 4% PIK) | 65,455 | 225,000 | 75,000 | 300,000 | — |
| | | 65,455 | 225,000 | 75,000 | 300,000 | — |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates**
**Six Months Ended June 30, 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) | June 30, 2015 Value |
|---|---|---|---|---|---|---|
| Waste Recyclers Holdings, LLC | Class A Preferred Units (280 units) | $ — | $ — | $ — | $ — | $ — |
| | Class B Preferred Units (985,372 units) | — | 1,727,000 | — | 1,003,000 | 724,000 |
| | Class C Preferred Units (1,444,475 units) | — | — | — | — | — |
| | Common Unit Purchase Warrant (1,170,083 units) | — | — | — | — | — |
| | Common Units (153,219 units) | — | — | — | — | — |
| | | — | 1,727,000 | — | 1,003,000 | 724,000 |
| Wythe Will Tzetzo, LLC | Series A Preferred Units (99,829 units) | 299,208 | 7,823,000 | — | 129,000 | 7,694,000 |
| | | 299,208 | 7,823,000 | — | 129,000 | 7,694,000 |
| **Total Affiliate Investments** | | **$ 13,244,413** | **$ 178,935,236** | **$ 53,764,204** | **$ 35,418,246** | **$ 197,281,194** |

(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.
(2) Gross additions include increase in the cost basis of investments resulting from new portfolio investment, follow-on investments, and accrued PIK interest, as well as transfers of investments into the affiliate or control categories. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.
(3) Gross reductions include decreases in the total cost basis of investments resulting from principal or PIK repayments or sales, as well as transfers of investments out of the affiliate or control categories. 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.

**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 words, and 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 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 June 30, 2015 and December 31, 2014, the weighted average yield on our outstanding debt investments other than non-accrual debt investments was approximately 12.6% 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 10.9% and 11.6% as of June 30, 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 10.5% and 10.8% as of June 30, 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 $884.9 million as of June 30, 2015, as compared to $887.2 million as of December 31, 2014. As of June 30, 2015, we had investments in 88 portfolio companies with an aggregate cost of $917.9 million. As of December 31, 2014, we had investments in 91 portfolio companies with an aggregate cost of $922.1 million. As of both June 30, 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 June 30, 2015 and December 31, 2014, our investment portfolio consisted of the following investments:

| | Cost | Percentage of Total Portfolio | Fair Value | Percentage of Total Portfolio |
|---|---|---|---|---|
| **June 30, 2015:** | | | | |
| Subordinated debt and 2nd lien notes | $ 701,900,002 | 76% | $ 669,517,627 | 76% |
| Senior debt and 1st lien notes | 92,229,433 | 10 | 90,887,433 | 10 |
| Equity shares | 117,562,497 | 13 | 120,812,430 | 14 |
| Equity warrants | 6,215,918 | 1 | 3,681,000 | — |
| Royalty rights | — | — | — | — |
| | $ 917,907,850 | 100% | $ 884,898,490 | 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 six months ended June 30, 2015, we made seven new investments totaling $129.3 million, debt investments in five existing portfolio companies totaling $27.3 million and equity investments in nine existing portfolio companies totaling $6.6 million. We had eleven portfolio company loans repaid totaling $136.2 million resulting in realized gains totaling $1.9 million and received normal principal repayments and partial loan prepayments totaling $6.1 million in the six months ended June 30, 2015. We converted subordinated debt investments in one portfolio company into an equity investment and recognized a net realized loss on such conversion totaling $20.5 million. In addition, we received proceeds related to the sales of certain equity securities totaling $11.9 million and recognized net realized gains on such sales totaling $4.8 million in the six months ended June 30, 2015.

During the six months ended June 30, 2014, we made eleven new investments totaling approximately $139.1 million, debt investments in eight existing portfolio companies totaling approximately $24.5 million and equity investments in three existing portfolio companies totaling approximately $1.3 million. We had nine portfolio company loans repaid at par of approximately $68.8 million resulting in realized gains totaling approximately $0.8 million and received normal principal repayments and partial loan prepayments totaling approximately $19.8 million in the six months ended June 30, 2014. We converted debt investments in one portfolio company into an equity investment and recognized a net realized loss on such conversion totaling approximately $0.2 million. In addition, we received proceeds related to the sales of certain equity securities totaling approximately $16.4 million and recognized net realized gains on such sales totaling approximately $11.2 million in the six months ended June 30, 2014.

Total portfolio investment activity for the six months ended June 30, 2015 and 2014 was as follows:

| **Six Months Ended June 30, 2015:** | **Subordinated Debt and 2nd Lien Notes** | **Senior Debt and 1st 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 | 133,503,814 | 7,446,253 | 21,068,498 | 1,252,000 | — | 163,270,565 |
| Reclassifications | (8,707,740) | — | 8,707,740 | — | — | — |
| Proceeds from sales of investments | — | — | (4,901,207) | (6,992,088) | — | (11,893,295) |
| Loan origination fees received | (2,819,164) | — | — | — | — | (2,819,164) |
| Principal repayments received | (109,212,658) | (33,105,582) | — | — | — | (142,318,240) |
| PIK interest earned | 6,731,749 | 929,111 | — | — | — | 7,660,860 |
| PIK interest payments received | (6,478,328) | (1,206,033) | — | — | — | (7,684,361) |
| Accretion of loan discounts | 202,718 | 35,511 | — | — | — | 238,229 |
| Accretion of deferred loan origination revenue | 2,531,596 | 671,072 | — | — | — | 3,202,668 |
| Realized gain (loss) | (17,652,163) | 804,802 | 302,790 | 2,742,537 | — | (13,802,034) |
| Unrealized gain (loss) | 11,040,779 | 60,052 | (7,498,242) | (1,782,449) | — | 1,820,140 |
| Fair value, end of period | $ 669,517,627 | $ 90,887,433 | $ 120,812,430 | $ 3,681,000 | $ — | $ 884,898,490 |
| Weighted average yield on debt investments at end of period(1) | | | | | | 12.6% |
| Weighted average yield on total investments at end of period(1) | | | | | | 10.9% |
| Weighted average yield on total investments at end of period | | | | | | 10.5% |

(1) Excludes non-accrual debt investments.

| Six Months Ended June 30, 2014: | Subordinated Debt and 2nd Lien Notes | Senior Debt and 1st 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 | 137,230,617 | 10,200,175 | 16,777,550 | 632,000 | — | 164,840,342 |
| Reclassifications | (3,964,597) | (5,963,403) | 11,715,000 | (1,787,000) | — | — |
| Proceeds from sales of investments | — | — | (5,800,481) | (11,020,560) | — | (16,821,041) |
| Loan origination fees received | (2,625,648) | (212,778) | — | — | — | (2,838,426) |
| Principal repayments received | (88,089,399) | (116,058) | — | — | — | (88,205,457) |
| PIK interest earned | 7,369,836 | 511,468 | — | — | — | 7,881,304 |
| PIK interest payments received | (5,267,116) | — | — | — | — | (5,267,116) |
| Accretion of loan discounts | 644,575 | — | — | — | — | 644,575 |
| Accretion of deferred loan origination revenue | 1,722,418 | 61,185 | — | — | — | 1,783,603 |
| Realized gains | 126,617 | — | 2,055,808 | 9,571,750 | — | 11,754,175 |
| Unrealized gain (loss) | 269,176 | 3,929 | 9,107,693 | (11,175,793) | (73,000) | (1,867,995) |
| Fair value, end of period | $ 561,884,054 | $ 50,453,283 | $ 113,790,816 | $ 10,149,000 | $ — | $ 736,277,153 |
| Weighted average yield on debt investments at end of period(1) | | | | | | 13.8% |
| Weighted average yield on total investments at end of period(1) | | | | | | 12.2% |
| Weighted average yield on total investments at end of period | | | | | | 11.7% |

(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 June 30, 2015, the fair value of our non-accrual assets was $13.9 million, which comprised 1.6% of the total fair value of our portfolio, and the cost of our non-accrual assets was $28.8 million, which comprised 3.1% 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 June 30, 2015 were as follows:

*Eckler's Holdings, Inc.*

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 six months ended June 30, 2015, we recognized unrealized appreciation on our debt investment in Eckler's of $1.3 million. As of June 30, 2015, the cost of our debt investment in Eckler's was $7.3 million and the fair value of such investment was $6.8 million.

*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 six months ended June 30, 2015, we recognized unrealized depreciation on our debt investments in Gerli of $10,000. As of June 30, 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 six months ended June 30, 2015, we recorded unrealized depreciation of $4.2 million on our debt investment in PartsNow. As of June 30, 2015, the cost of our debt investment in PartsNow was $11.5 million and the fair value of such investment was $2.0 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 six months ended June 30, 2015, we recorded unrealized appreciation of $0.4 million on our debt investment in PowerDirect. As of June 30, 2015, the cost of our debt investment in PowerDirect was $6.6 million and the fair value of such investment was $4.2 million.

**PIK Non-Accrual Assets**

In addition to our non-accrual assets, as of June 30, 2015, we had debt investments in two portfolio companies (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 June 30, 2015, the fair value of these debt investments was $4.0 million, or 0.4% of the total fair value of our portfolio and the cost of these assets was $7.4 million, or 0.8% of the total cost of our portfolio.

**Results of Operations**

***Comparison of three months ended June 30, 2015 and June 30, 2014***

*Investment Income*

For the three months ended June 30, 2015, total investment income was $27.8 million, an 11.6% increase from $24.9 million of total investment income for the three months ended June 30, 2014. This increase was primarily attributable to an increase in portfolio debt investments from June 30, 2014 to June 30, 2015. This increase was partially offset by a $1.4 million decrease in investment income relating to non-accrual assets, a $0.6 million decrease in non-recurring fee and dividend income and a decrease in the weighted average yield on our debt investments from June 30, 2014 to June 30, 2015. Non-recurring fee income was $1.7 million for the three months ended June 30, 2015 as compared to $1.6 million for the three months ended June 30, 2014, and non-recurring dividend income was $0.2 million for the three months ended June 30, 2015 as compared to $1.0 million for the three months ended June 30, 2014.

*Operating Expenses*

For the three months ended June 30, 2015, operating expenses increased by 13.4% to $11.7 million from $10.3 million for the three months ended June 30, 2014. Our operating expenses consist of interest and other financing fees and general and administrative expenses.

For the three months ended June 30, 2015, interest and other financing fees increased by 42.0% to $7.3 million from $5.2 million for the three months ended June 30, 2014 largely due to increased debt outstanding between the periods. The increase in interest and other financing fees was related to interest expense and fees on our March 2022 Notes of $1.5 million in the three months ended June 30, 2015, an increase in interest and other financing fees on our SBA-guaranteed debentures of $0.2 million in the three months ended June 30, 2015 and an increase in interest and other financing fees on our Credit Facility of $0.5 million in the three months ended June 30, 2015. These increases were partially offset by a $0.1 million decrease in interest and other financing fees from the redemption of the 2019 Notes in the three months ended June 30, 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 June 30, 2015, general and administrative expenses decreased by 15.4% to $4.3 million from $5.1 million for the three months ended June 30, 2014. In addition, our efficiency ratio (defined as general and administrative expenses as a percentage of total investment income) decreased to 15.6% for the three months ended June 30, 2015 from 20.5% for the three months ended June 30, 2014. The decrease in general and administrative expenses in the quarter ended June 30, 2015 was primarily related to decreased cash compensation expense partially offset by an increase in non-cash compensation expense.

*Net Investment Income*

As a result of the $2.9 million increase in total investment income and the $1.4 million increase in expenses, net investment income increased by 10.3% to $16.2 million for the three months ended June 30, 2015 as compared to $14.7 million for the three months ended June 30, 2014.

*Net Increase/Decrease in Net Assets Resulting from Operations*

In the three months ended June 30, 2015, we recognized realized losses totaling $17.1 million, which consisted of a loss on the restructuring of one control investment totaling $20.5 million partially offset by net gains related to the sales/repayments of three affiliate investments of $0.2 million 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 June 30, 2015, we recorded net unrealized appreciation totaling $14.5 million, consisting of net unrealized depreciation on our current portfolio of $3.2 million and net unrealized appreciation reclassification adjustments of $17.7 million related to the realized gains and losses noted above.

In the three months ended June 30, 2014, we realized gains on the sales/repayments of four non-control/non-affiliate investments totaling approximately $11.5 million and a gain relating to the sale of one affiliate investment totaling $0.2 million. In addition, during the three months ended June 30, 2014, we recorded net unrealized depreciation of investments totaling $1.2 million, consisting of net unrealized appreciation on our current portfolio of approximately $9.9 million and net unrealized depreciation reclassification adjustments of $11.1 million related to the realized gains and losses noted above.

During the three months ended June 30, 2015, we recognized a loss on extinguishment of debt of approximately $1.4 million related to the redemption of the 2019 Notes.

As a result of these events, our net increase in net assets resulting from operations was $12.2 million for the three months ended June 30, 2015, as compared to a net increase in net assets resulting from operations of $24.2 million for the three months ended June 30, 2014.

***Comparison of six months ended June 30, 2015 and June 30, 2014***

*Investment Income*

For the six months ended June 30, 2015, total investment income was $58.6 million, a 19.7% increase from $49.0 million of total investment income for the six months ended June 30, 2014. This increase was primarily attributable to an increase in portfolio debt investments from June 30, 2014 to June 30, 2015 and a $1.7 million increase in non-recurring fee income. This increase was partially offset by a $2.9 million decrease in investment income relating to non-accrual assets, a $0.3 million decrease in non-recurring dividend income and a decrease in the weighted average yield on our debt investments from June 30, 2014 to June 30, 2015. Non-recurring fee income was $4.9 million for the six months ended June 30, 2015 as compared to $3.1 million for the six months ended June 30, 2014, and non-recurring dividend income was $1.9 million for the six months ended June 30, 2015 as compared to $2.2 million for the six months ended June 30, 2014.

*Operating Expenses*

For the six months ended June 30, 2015 operating expenses increased 20.5% to $24.7 million from $20.5 million for the six months ended June 30, 2014. Our operating expenses consist of interest and other financing fees and general and administrative expenses.

For the six months ended June 30, 2015, interest and other debt financing fees increased by 33.6% to $13.8 million from $10.3 million for the six months ended June 30, 2014 largely due to increased debt outstanding between the periods. The increase in interest and other financing fees was related to interest expense and fees on our March 2022 Notes of $2.4 million in the six months ended June 30, 2015, an increase in interest and other financing fees on our SBA-guaranteed debentures of $0.6 million in the six months ended June 30, 2015 and an increase in interest and other financing fees on our Credit Facility of $0.6 million in the six months ended June 30, 2015. These increases were partially offset by a $0.1 million decrease in interest and other financing fees from the redemption of the 2019 Notes in the six months ended June 30, 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 six months ended June 30, 2015, general and administrative expenses increased by 7.2% to $10.9 million from $10.2 million for the six months ended June 30, 2014. In addition, our efficiency ratios (defined as general and administrative expenses as a percentage of total investment income) were 18.6% and 20.8% for the six months ended June 30, 2015 and June 30, 2014, respectively. The increase in general and administrative expenses in the six months ended June 30, 2015 was primarily related to increased cash and non-cash compensation expenses.

*Net Investment Income*

As a result of the $9.6 million increase in total investment income and the $4.2 million increase in expenses, net investment income increased by 19.1% to $33.9 million for the six months ended June 30, 2015 as compared to net investment income of $28.5 million for the six months ended June 30, 2014.

*Net Increase/Decrease in Net Assets Resulting from Operations*

In the six months ended June 30, 2015, we recognized realized losses totaling $13.8 million which consisted of a loss on the restructuring of one control investment totaling $20.5 million partially offset by net gains related to the sale/repayments of four affiliate investments of $0.3 million and net gains on the sales/repayments of nine non-control/non-affiliate investments totaling $6.4 million. In addition, during the six months ended June 30, 2015, we recorded net unrealized appreciation of investments totaling $1.9 million, consisting of net unrealized depreciation on our current portfolio of approximately $12.5 million and net unrealized appreciation adjustments of $14.4 million related to the realized gains and losses noted above.

In the six months ended June 30, 2014, we realized gains on the sales/repayments of six non-control/non-affiliate investments totaling approximately $12.2 million, a loss relating to the sale of one non-control/non-affiliate investment totaling approximately $0.4 million, a gain on the sale of one affiliate investment totaling approximately $0.2 million and a loss on the restructuring of one control investment of approximately $0.2 million, In addition, during the six months ended June 30, 2014, we recorded net unrealized depreciation of investments totaling $2.7 million, consisting of net unrealized appreciation on our current portfolio of approximately $8.9 million and net unrealized depreciation adjustments of $11.6 million related to the realized gains and losses noted above.

During the six months ended June 30, 2015, we recognized a loss on extinguishment of debt of approximately $1.4 million related to the redemption of the 2019 Notes.

As a result of these events, our net increase in net assets from operations was $20.5 million for the six months ended June 30, 2015, a decrease of 44.1% from the net increase in net assets from operations of $36.7 million for the six months ended June 30, 2014.

***Liquidity and Capital Resources***

We believe that our current cash and cash equivalents on hand, our available leverage under our Credit Facility 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, or the Small Business Investment Act, 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 six months ended June 30, 2015, we experienced a net increase in cash and cash equivalents in the amount of $38.8 million. During that period, our operating activities provided $40.1 million in cash and our financing activities caused our cash to decrease by $1.3 million, primarily due to repayments under the Credit Facility of $56.0 million, redemption of the 2019 notes of $69.0 million and cash dividends paid in the amount of $37.5 million, partially offset by proceeds from the the

March 2022 Notes offerings of $83.4 million and borrowings under the Credit Facility of $83.0 million. As of June 30, 2015, we had $117.5 million of cash and cash equivalents on hand.

For the six months ended June 30, 2014, we experienced a net decrease in cash and cash equivalents in the amount of $53.7 million. During that period, our operating activities used $34.1 million in cash, consisting primarily of new portfolio investments of $164.8 million, partially offset by repayments received from portfolio companies and proceeds from sales of portfolio investments of approximately $105.0 million. In addition, financing activities reduced cash by $19.5 million, consisting primarily of cash dividends paid in the amount of $29.0 million and cash distributions of capital gains paid in the amount of $8.0 million, partially offset by borrowings under our Credit Facility of $20.0 million. As of June 30, 2014, we had $79.6 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 June 30, 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, we also pay 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 June 30, 2015 was 4.03%. As of June 30, 2015, all SBA-guaranteed debentures were pooled.

In May 2015, we entered into a third amended and restated senior secured credit facility, or the Credit Facility. The Credit Facility, which has an initial commitment of $300.0 million supported by 14 financial institutions, replaced our $165.0 million senior secured credit facility entered into in June 2013, or the Prior Facility. The Credit Facility, which matures May 3, 2020, allows us to borrow foreign currencies directly under the Credit Facility.

The Credit Facility has an accordion feature that allows for an increase in the total borrowing size up to $350.0 million, subject to certain conditions and the satisfaction of specified financial covenants. The Credit Facility, which is structured to operate like a revolving credit facility, is secured primarily by our assets, excluding the assets of our wholly-owned SBIC subsidiaries.

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% (or, after one year, 1.50% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or, after one year, 2.50% if we receive an investment grade credit rating), or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75% (or, after one year, 2.50% if we receive an investment grade credit rating). 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 plus 2.0%. The applicable LIBOR rate depends on the term of the draw under the Credit Facility. We pay a commitment fee of 1.00% per annum on undrawn amounts if the used portion of the facility is less than or equal to 25.0% of total commitments, or 0.375% per annum on undrawn amounts if the used portion of the facility is greater than 25.0% of total commitments.

As of June 30, 2015, we had United States dollar borrowings of $75.0 million outstanding under the Credit Facility with an interest rate of 2.94% and non-United States dollar borrowings denominated in Canadian dollars of $17.0 million ($13.8 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.

As with the Prior Facility, 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, (iii) maintaining a minimum asset coverage ratio and (iv) maintaining our status as a regulated investment company and as a BDC. The Credit Facility also contains customary events of default with customary cure and notice provisions, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default to other indebtedness, bankruptcy, change of control, and material adverse effect. The Credit Facility also permits the Administrative Agent to select an independent third party valuation firm to determine valuations of certain portfolio investments for purposes of borrowing base provisions. In connection with the Credit Facility, we also entered into new collateral documents. As of June 30, 2015, we were in compliance with all covenants of the Credit Facility.

In March 2012, we issued $69.0 million of 2019 Notes. The 2019 Notes were redeemed in full on June 22, 2015 for a total redemption price of $69.0 million, which resulted in a loss on the extinguishment of debt of $1.4 million. Prior to the redemptions, the 2019 Notes bore 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 $83.4 million.

The indenture and supplements thereto relating to 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.

**Recent Developments**

In July 2015, we invested $15.3 million in subordinated debt and equity of Community Medical Group, an operator of primary care clinics. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

In July 2015, we invested $11.2 million in subordinated debt of Community Intervention Services, a provider of community-based and outpatient behavioral health services. Under the terms of the investment, the subordinated debt bears interest at a rate of 12.0%.

**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 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% |
| June 30, 2015 | 15 | 26% |

(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.

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

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 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,* ("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. We elected early adoption of this standard on January 1, 2015. As a result, deferred financing fees related to our outstanding notes and SBA-guaranteed debentures payable are no longer presented as an asset on our Consolidated Balance Sheets but are included as a reduction in the carrying amount of the debt securities. Debt issuance costs related to our senior secured credit facility will continue to be presented as an asset on our Consolidated Balance Sheets. ASU 2015-03 is effective for interim and annual periods beginning after December 15, 2015. 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 may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized on our Consolidated Balance Sheets. At June 30, 2015, we had a total of $33.2 million in outstanding commitments comprised of (i) $22.6 million in commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) $10.6 million in capital commitments that had not been fully called.

**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.

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 June 30, 2015, we were not a party to any hedging arrangements.

As of June 30, 2015, 89.5%, or $710.9 million (at cost), of our debt portfolio investments bore interest at fixed rates and 10.5%, or $83.2 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 $1.7 million on an annual basis. All of our SBA-guaranteed debentures, our December 2022 Notes and our March 2022 Notes bear interest at fixed rates. Our Credit Facility bears interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.75% (or, after one year, 1.50% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or, after one year, 2.50% if we receive an investment grade credit rating), or (iii) for borrowings denominated in Canadian dollars, the applicable Canadian Dealer Offered Rate plus 2.75% (or, after one year, 2.50% if we receive an investment grade credit rating). 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 plus 2.0%. The applicable LIBOR rate depends on the term of the draw under the Credit Facility. We pay a commitment fee of 1.00% per annum on undrawn amounts if the used portion of the facility is less than or equal to 25.0% of total commitments, or 0.375% per annum on undrawn amounts if the used portion of the facility is greater than 25.0% of total commitments.

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 June 30, 2015, we had non-United States dollar borrowings denominated in Canadian dollars of $17.0 million ($13.8 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 second quarter of 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## 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, filed with the SEC on March 2, 2015, which could materially affect our business, financial condition or operating results. Other than as set forth below, there have been no material changes during the six months ended June 30, 2015 to the risk factors discussed in our Annual Report on Form 10-K. The risks described below and 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.

***We face cyber-security risks.***

Our business operations rely upon secure information technology systems for data processing, storage and reporting. Despite careful security and controls design, implementation and updating, our information technology systems could become subject to cyber-attacks. Network, system, application and data breaches could result in operational disruptions or information misappropriation, which could have a material adverse effect on our business, results of operations and financial condition.

***If we are unable to maintain the availability of our electronic data systems and safeguard the security of our data, our ability to conduct business may be compromised, which impair our liquidity, disrupt our business, damage our reputation and cause losses.***

Cybersecurity refers to the combination of technologies, processes, and procedures established to protect information technology systems and data from unauthorized access, attack, or damage. We are subject to cybersecurity risks. Information cyber security risks have significantly increased in recent years and, while we have not experienced any material losses relating to cyber attacks or other information security breaches, we could suffer such losses in the future. Our computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could have a security impact. If one or more of such events occur, this potentially could jeopardize confidential and other information, including nonpublic personal information and sensitive business data, processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations or the operations of our customers or counterparties, which could result in significant losses or reputational damage. This could result in significant losses, reputational damage, litigation, regulatory fines or penalties, or otherwise adversely affect our business, financial condition or results of operations. Privacy and information security laws and regulation changes, and compliance with those changes, may result in cost increases due to system changes and the development of new administrative processes. In addition, we may be required to expend significant additional resources to modify our protective measures and to investigate and remediate vulnerabilities or other exposures arising from operational and security risks. We currently do not maintain insurance coverage relating to cybersecurity risks, and we may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are not fully insured.

Third parties with which we do business may also be sources of cybersecurity or other technological risks. We outsource certain functions and these relationships allow for the storage and processing of our information, as well as customer, counterparty, employee and borrower information. While we engage in actions to reduce our exposure resulting from outsourcing, ongoing threats may result in unauthorized access, loss, exposure or destruction of data, or other cybersecurity incidents, with increased costs and other consequences, including those described above.

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

*Sales of Unregistered Securities*

During the six months ended June 30, 2015, we issued 71,248 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933. The aggregate value for the shares of common stock issued during the six months ended June 30, 2015 under the dividend reinvestment plan was approximately $1.7 million.

*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.

## 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 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). |
| 10.2 | Third Amended and Restated Credit Agreement, dated May 4, 2015, among the Company, Branch Banking and Trust Company, ING Capital LLC, Fifth Third Bank, Morgan Stanley Bank, N.A., Bank of North Carolina, EverBank Commercial Finance, Inc. First Tennessee Bank National Association, Newbridge Bank, Yadkin Bank, CommunityOne Bank, NA, Park Sterling Bank, Paragon Commercial Bank, Raymond James Bank, N.A. and Stifel Bank & Trust (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference). |
| 10.3 | Second Amended and Restated Equity Pledge Agreement between Triangle Capital Corporation, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 4, 2015 (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference). |

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|---|---|
| 10.4 | Second Amended and Restated General Security Agreement between Triangle Capital Corporation, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 4, 2015 (Filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 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.

## 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: August 5, 2015 | /s/ Garland S. Tucker, III |
| | Garland S. Tucker, III<br>Chief Executive Officer and<br>Chairman of the Board of Directors<br>(Principal Executive Officer) |
| Date: August 5, 2015 | /s/ Steven C. Lilly |
| | Steven C. Lilly<br>Chief Financial Officer, Secretary and<br>Director (Principal Financial Officer) |
| Date: August 5, 2015 | /s/ C. Robert Knox, Jr. |
| | C. Robert Knox, Jr.<br>Principal Accounting Officer |

## EXHIBIT INDEX

| Number | Exhibit |
|---|---|
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| 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 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). |
| 10.2 | Third Amended and Restated Credit Agreement, dated May 4, 2015, among the Company, Branch Banking and Trust Company, ING Capital LLC, Fifth Third Bank, Morgan Stanley Bank, N.A., Bank of North Carolina, EverBank Commercial Finance, Inc. First Tennessee Bank National Association, Newbridge Bank, Yadkin Bank, CommunityOne Bank, NA, Park Sterling Bank, Paragon Commercial Bank, Raymond James Bank, N.A. and Stifel Bank & Trust (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference). |
| 10.3 | Second Amended and Restated Equity Pledge Agreement between Triangle Capital Corporation, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 4, 2015 (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference). |

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| 10.4 | Second Amended and Restated General Security Agreement between Triangle Capital Corporation, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 4, 2015 (Filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 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.

**Exhibit 31.1**

**Certification of Chief Executive Officer of Triangle Capital Corporation pursuant to Rule 13a-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Garland S. Tucker, III, as Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triangle Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GARLAND S. TUCKER, III

Garland S. Tucker, III
Chief Executive Officer

August 5, 2015

**Exhibit 31.2**

**Certification of Chief Executive Officer of Triangle Capital Corporation
pursuant to Rule 13a-14(a) under the Exchange Act,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Steven C. Lilly, as Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Triangle Capital Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN C. LILLY

Steven C. Lilly
Chief Financial Officer

August 5, 2015

**Exhibit 32.1**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triangle Capital Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Garland S. Tucker, III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GARLAND S. TUCKER, III

Garland S. Tucker, III
Chief Executive Officer

August 5, 2015

**Exhibit 32.2**

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Triangle Capital Corporation (the “Company”) on Form 10-Q for the period ended June 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Steven C. Lilly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ STEVEN C. LILLY

Steven C. Lilly
Chief Financial Officer

August 5, 2015