# 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 September 30, 2016**

**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**<br>**(State or other jurisdiction of incorporation or organization)** | **06-1798488**<br>**(I.R.S. Employer Identification No.)** |
| **3700 Glenwood Avenue, Suite 530**<br>**Raleigh, North Carolina**<br>**(Address of principal executive offices)** | **27612**<br>**(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 November 2, 2016 was 40,360,906.

**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

| | | September 30, 2016 | | December 31, 2015 |
|---|---|---|---|---|
| | | (Unaudited) | | |
| **Assets:** | | | | |
| Investments at fair value: | | | | |
| Non-Control / Non-Affiliate investments (cost of $771,052,767 and $795,244,907 as of September 30, 2016 and December 31, 2015, respectively) | $ | 748,363,034 | $ | 774,238,518 |
| Affiliate investments (cost of $163,759,331 and $171,486,103 as of September 30, 2016 and December 31, 2015, respectively) | | 170,111,172 | | 177,581,965 |
| Control investments (cost of $52,518,113 and $40,618,113 as of September 30, 2016 and December 31, 2015, respectively) | | 29,257,769 | | 25,456,233 |
| Total investments at fair value | | 947,731,975 | | 977,276,716 |
| Cash and cash equivalents | | 168,336,823 | | 52,615,418 |
| Interest, fees and other receivables | | 6,966,478 | | 4,892,146 |
| Prepaid expenses and other current assets | | 1,690,182 | | 947,068 |
| Deferred financing fees | | 2,897,224 | | 3,480,444 |
| Property and equipment, net | | 122,506 | | 105,698 |
| **Total assets** | **$** | **1,127,745,188** | **$** | **1,039,317,490** |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities | $ | 4,636,217 | $ | 7,463,514 |
| Interest payable | | 1,537,490 | | 3,714,470 |
| Taxes payable | | — | | 735,498 |
| Deferred income taxes | | 3,027,000 | | 4,988,317 |
| Borrowings under credit facility | | 91,427,900 | | 131,256,669 |
| Notes | | 162,598,503 | | 162,142,478 |
| SBA-guaranteed debentures payable | | 245,162,869 | | 220,648,789 |
| **Total liabilities** | | **508,389,979** | | **530,949,735** |
| **Commitments and contingencies (Note 7)** | | | | |
| **Net Assets:** | | | | |
| Common stock, $0.001 par value per share (150,000,000 shares authorized, 40,405,403 and 33,375,126 shares issued and outstanding as of September 30, 2016 and December 31, 2015, respectively) | | 40,405 | | 33,375 |
| Additional paid-in capital | | 684,618,304 | | 549,242,439 |
| Investment income in excess of distributions | | 6,553,437 | | 16,127,141 |
| Accumulated realized losses | | (32,501,174) | | (25,813,329) |
| Net unrealized depreciation | | (39,355,763) | | (31,221,871) |
| **Total net assets** | | **619,355,209** | | **508,367,755** |
| **Total liabilities and net assets** | **$** | **1,127,745,188** | **$** | **1,039,317,490** |
| Net asset value per share | $ | 15.33 | $ | 15.23 |

*See accompanying notes.*

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

| | Three Months Ended September 30, 2016 | Three Months Ended September 30, 2015 | Nine Months Ended September 30, 2016 | Nine Months Ended September 30, 2015 |
|---|---|---|---|---|
| **Investment income:** | | | | |
| Interest income: | | | | |
| Non-Control / Non-Affiliate investments | $ 17,270,300 | $ 18,051,486 | $ 52,938,976 | $ 51,993,071 |
| Affiliate investments | 3,380,867 | 4,294,512 | 10,121,974 | 12,685,241 |
| Control investments | 303,708 | 248,609 | 764,622 | 298,090 |
| Total interest income | 20,954,875 | 22,594,607 | 63,825,572 | 64,976,402 |
| Dividend income: | | | | |
| Non-Control / Non-Affiliate investments | 167,468 | 259,431 | (1,030,703) | 1,893,825 |
| Affiliate investments | 244,233 | 323,291 | 706,495 | 860,913 |
| Control investments | — | — | 300,000 | — |
| Total dividend income | 411,701 | 582,722 | (24,208) | 2,754,738 |
| Fee and other income: | | | | |
| Non-Control / Non-Affiliate investments | 1,585,403 | 3,308,427 | 5,662,081 | 7,380,865 |
| Affiliate investments | 319,289 | 337,343 | 855,855 | 2,334,396 |
| Control investments | 110,000 | 100,000 | 310,000 | 300,000 |
| Total fee and other income | 2,014,692 | 3,745,770 | 6,827,936 | 10,015,261 |
| Payment-in-kind interest income: | | | | |
| Non-Control / Non-Affiliate investments | 2,719,831 | 2,735,701 | 8,373,124 | 8,077,552 |
| Affiliate investments | 1,175,899 | 1,126,244 | 3,259,634 | 3,445,253 |
| Total payment-in-kind interest income | 3,895,730 | 3,861,945 | 11,632,758 | 11,522,805 |
| Interest income from cash and cash equivalents | 135,459 | 58,401 | 228,129 | 178,713 |
| Total investment income | 27,412,457 | 30,843,445 | 82,490,187 | 89,447,919 |
| **Operating expenses:** | | | | |
| Interest and other financing fees | 6,757,718 | 6,561,298 | 20,040,942 | 20,319,093 |
| Compensation expenses | 3,963,797 | 4,951,026 | 17,510,762 | 13,876,141 |
| General and administrative expenses | 859,785 | 813,125 | 3,170,330 | 2,798,925 |
| Total operating expenses | 11,581,300 | 12,325,449 | 40,722,034 | 36,994,159 |
| **Net investment income** | **15,831,157** | **18,517,996** | **41,768,153** | **52,453,760** |
| **Realized and unrealized gains (losses) on investments and foreign currency borrowings:** | | | | |
| Net realized gains (losses): | | | | |
| Non-Control / Non-Affiliate investments | (11,213,561) | 2,331,742 | (5,007,647) | 8,746,844 |
| Affiliate investments | 2,106 | (503,907) | (1,680,198) | (237,399) |
| Control investments | — | (18,323,508) | — | (38,807,152) |
| Net realized gains (losses) | (11,211,455) | (16,495,673) | (6,687,845) | (30,297,707) |
| Net unrealized appreciation (depreciation): | | | | |
| Investments | 2,881,131 | 14,375,221 | (7,564,510) | 15,441,528 |
| Foreign currency borrowings | 342,409 | 1,081,391 | (569,382) | 1,942,776 |
| Net unrealized appreciation (depreciation) | 3,223,540 | 15,456,612 | (8,133,892) | 17,384,304 |
| Net realized and unrealized losses on investments and foreign currency borrowings | (7,987,915) | (1,039,061) | (14,821,737) | (12,913,403) |
| Loss on extinguishment of debt | — | — | — | (1,394,017) |
| Tax benefit | 36,431 | 393,437 | 47,342 | 255,562 |
| **Net increase in net assets resulting from operations** | **$ 7,879,673** | **$ 17,872,372** | **$ 26,993,758** | **$ 38,401,902** |
| Net investment income per share—basic and diluted | $ 0.42 | $ 0.56 | $ 1.19 | $ 1.58 |
| Net increase in net assets resulting from operations per share—basic and diluted | $ 0.21 | $ 0.54 | $ 0.77 | $ 1.16 |
| **Dividends/distributions per share:** | | | | |
| Regular quarterly dividends/distributions | $ 0.45 | $ 0.54 | $ 1.44 | $ 1.62 |
| Supplemental dividends/distributions | — | 0.05 | — | 0.15 |
| Total dividends/distributions per share | $ 0.45 | $ 0.59 | $ 1.44 | $ 1.77 |
| Weighted average shares outstanding—basic and diluted | 38,115,449 | 33,274,586 | 35,199,704 | 33,203,414 |

*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 (Losses) 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 | — | — | — | 52,453,760 | — | — | 52,453,760 |
| Stock-based compensation | — | — | 5,200,761 | — | — | — | 5,200,761 |
| Realized gain (loss) on investments | — | — | — | — | (30,297,707) | 29,641,715 | (655,992) |
| Net unrealized loss on investments / foreign currency | — | — | — | — | — | (12,257,411) | (12,257,411) |
| Loss on extinguishment of debt | — | — | — | (1,394,017) | — | — | (1,394,017) |
| Tax Benefit | — | — | — | 255,562 | — | — | 255,562 |
| Dividends / distributions | 125,298 | 125 | 2,676,308 | (50,576,458) | (8,242,911) | — | (56,142,936) |
| 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 | (115,077) | (115) | (2,497,597) | — | — | — | (2,497,712) |
| **Balance, September 30, 2015** | **33,321,349** | **$ 33,321** | **$ 547,444,138** | **$ 13,665,361** | **$ (26,075,919)** | **$ (19,333,224)** | **$ 515,733,677** |

| | Common Stock | | Additional Paid-In Capital | Investment Income in Excess of Distributions | Accumulated Realized Losses on Investments | Net Unrealized Appreciation (Depreciation) | Total Net Assets |
|---|---|---|---|---|---|---|---|
| | Number of Shares | Par Value | | | | | |
| Balance, December 31, 2015 | 33,375,126 | $ 33,375 | $ 549,242,439 | $ 16,127,141 | $ (25,813,329) | $ (31,221,871) | $ 508,367,755 |
| Net investment income | — | — | — | 41,768,153 | — | — | 41,768,153 |
| Stock-based compensation | — | — | 7,502,500 | — | — | — | 7,502,500 |
| Realized gain (loss) on investments | — | — | — | — | (6,687,845) | 7,532,502 | 844,657 |
| Net unrealized loss on investments / foreign currency | — | — | — | — | — | (15,666,394) | (15,666,394) |
| Tax benefit | — | — | — | 47,342 | — | — | 47,342 |
| Dividends / distributions | 120,562 | 120 | 2,325,851 | (51,389,199) | — | — | (49,063,228) |
| Public offering of common stock | 6,742,362 | 6,742 | 129,129,554 | — | — | — | 129,136,296 |
| Issuance of restricted stock | 364,605 | 365 | (365) | — | — | — | — |
| Common stock withheld for payroll taxes upon vesting of restricted stock | (197,252) | (197) | (3,581,675) | — | — | — | (3,581,872) |
| **Balance, September 30, 2016** | **40,405,403** | **$ 40,405** | **$ 684,618,304** | **$ 6,553,437** | **$ (32,501,174)** | **$ (39,355,763)** | **$ 619,355,209** |

*See accompanying notes.*

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

| | Nine Months Ended September 30, 2016 | Nine Months Ended September 30, 2015 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Net increase in net assets resulting from operations | $ 26,993,758 | $ 38,401,902 |
| Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities: | | |
| Purchases of portfolio investments | (163,867,651) | (352,445,028) |
| Repayments received/sales of portfolio investments | 182,153,894 | 261,002,599 |
| Loan origination and other fees received | 3,205,460 | 5,741,331 |
| Net realized loss on investments | 6,687,845 | 30,297,707 |
| Net unrealized depreciation (appreciation) on investments | 9,525,827 | (18,127,974) |
| Net unrealized depreciation (appreciation) on foreign currency borrowings | 569,382 | (1,942,776) |
| Deferred income taxes | (1,961,317) | 2,686,444 |
| Payment-in-kind interest accrued, net of payments received | (4,177,550) | (2,084,305) |
| Amortization of deferred financing fees | 1,644,826 | 1,636,224 |
| Loss on extinguishment of debt | — | 1,394,017 |
| Accretion of loan origination and other fees | (3,676,003) | (4,897,834) |
| Accretion of loan discounts | (307,081) | (362,424) |
| Accretion of discount on SBA-guaranteed debentures payable | 31,899 | 140,185 |
| Depreciation expense | 52,369 | 44,552 |
| Stock-based compensation | 7,502,500 | 5,200,761 |
| Changes in operating assets and liabilities: | | |
| Interest, fees and other receivables | (2,074,332) | 1,823,785 |
| Prepaid expenses and other current assets | (743,114) | (538,708) |
| Accounts payable and accrued liabilities | (2,827,297) | (1,847,069) |
| Interest payable | (2,176,980) | (2,098,783) |
| Taxes payable | (735,498) | (2,451,879) |
| Net cash provided by (used in) operating activities | 55,820,937 | (38,427,273) |
| **Cash flows from investing activities:** | | |
| Purchases of property and equipment | (69,177) | (55,035) |
| Net cash used in investing activities | (69,177) | (55,035) |
| **Cash flows from financing activities:** | | |
| Borrowings under SBA-guaranteed debentures payable | 32,800,000 | — |
| Repayments of SBA-guaranteed debentures payable | (7,800,000) | — |
| Borrowings under credit facility | 68,901,849 | 174,000,000 |
| Repayments of credit facility | (109,300,000) | (114,000,000) |
| Proceeds from notes | — | 83,372,640 |
| Redemption of notes | — | (69,000,000) |
| Financing fees paid | (1,123,400) | (2,919,436) |
| Net proceeds (expenses) related to public offering of common stock | 129,136,296 | (54,967) |
| Common stock withheld for payroll taxes upon vesting of restricted stock | (3,581,872) | (2,497,712) |
| Cash dividends/distributions paid | (49,063,228) | (56,142,936) |
| Net cash provided by financing activities | 59,969,645 | 12,757,589 |
| Net increase (decrease) in cash and cash equivalents | 115,721,405 | (25,724,719) |
| Cash and cash equivalents, beginning of period | 52,615,418 | 78,759,026 |
| **Cash and cash equivalents, end of period** | **$ 168,336,823** | **$ 53,034,307** |
| **Supplemental disclosure of cash flow information:** | | |
| Cash paid for interest | $ 19,929,857 | $ 19,798,265 |
| **Summary of non-cash financing transactions:** | | |
| Dividends/distributions paid through DRIP share issuances | $ 2,325,971 | $ 2,676,433 |

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Consolidated Schedule of Investments**
**September 30, 2016**

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| ***Non–Control / Non–Affiliate Investments:*** | | | | | |
| ACA Holdings LLC (F/K/A My Alarm Center, LLC) (0%)* | Security Company | Preferred Units (2,000,000 units) | | $ 2,000,000 | $ 1,339,000 |
| | | | | 2,000,000 | 1,339,000 |
| Access Medical Acquisition, Inc. (3%)* | Operator of Primary Care Clinics | Subordinated Notes (10% Cash, 2% PIK, Due 01/22) | $ 13,819,514 | 13,584,652 | 13,584,652 |
| | | Class A Units (1,500,000 units) | | 1,500,000 | 4,678,000 |
| | | | 13,819,514 | 15,084,652 | 18,262,652 |
| Agilex Flavors & Fragrances, Inc. (2%)* | Custom Fragrance Producer | Subordinated Note (12% Cash, Due 11/21) | 13,168,124 | 13,044,678 | 13,044,678 |
| | | Common Units (1,250 units) | | 1,250,000 | 2,371,000 |
| | | | 13,168,124 | 14,294,678 | 15,415,678 |
| AGM Automotive, LLC (1%)* | Auto Industry Interior Components Supplier | Units (1,500,000 units) | | 630,134 | 4,128,000 |
| | | | | 630,134 | 4,128,000 |
| All Metals Holding, LLC (1%)* | Steel Processor and Distributor | Subordinated Note (11% Cash, Due 03/21) | 6,033,333 | 5,792,190 | 5,792,190 |
| | | Bridge Note (14% PIK, Due 11/16) | 617,153 | 612,231 | 906,000 |
| | | Units (83,025 units) | | 253,000 | 269,000 |
| | | | 6,650,486 | 6,657,421 | 6,967,190 |
| Avkem International, LLC (1%)* | Flux and Foundry Manufacturer and Supplier | Subordinated Note (10% Cash, 4% PIK, Due 12/17) | 4,112,935 | 4,066,306 | 4,066,306 |
| | | | 4,112,935 | 4,066,306 | 4,066,306 |
| AVL Holdings, Inc. (0%)* | Manufacturer and Distributor for Independent Artists and Authors | Common Stock (138 shares) | | 1,300,000 | 1,761,000 |
| | | | | 1,300,000 | 1,761,000 |
| Baker Hill Acquisition, LLC (2%)* | Loan Origination Software Solutions Provider | Subordinated Notes (12% Cash, Due 03/21) | 13,500,000 | 13,326,485 | 13,326,485 |
| | | Limited Partnership Interest | | 1,498,500 | 1,056,000 |
| | | | 13,500,000 | 14,824,985 | 14,382,485 |
| Cafe Enterprises, Inc. (2%)* | Restaurant | Subordinated Note (7% Cash, 7% PIK, Due 06/19) | 13,641,423 | 13,491,522 | 10,684,000 |
| | | Series C Preferred Stock (10,000 shares) | | 1,000,000 | 169,000 |
| | | | 13,641,423 | 14,491,522 | 10,853,000 |
| Capital Contractors, Inc. (0%)* | Janitorial and Facilities Maintenance Services | Subordinated Notes (5% Cash, Due 6/20) | 9,843,542 | 9,704,782 | 1,979,000 |
| | | Series A Redeemable Preferred Stock (200 shares) | | 2,000,000 | — |
| | | Common Stock Warrants (20 shares) | | 492,000 | — |
| | | | 9,843,542 | 12,196,782 | 1,979,000 |
| Captek Softgel International, Inc. (3%)* | Nutraceutical Manufacturer | Subordinated Note (10% Cash, 2.5% PIK, Due 06/21) | 15,290,087 | 15,022,055 | 15,022,055 |
| | | Common Stock (15,000 shares) | | 1,500,000 | 1,446,000 |
| | | | 15,290,087 | 16,522,055 | 16,468,055 |
| Carolina Beverage Group, LLC (0%)* | Beverage Manufacturing and Packaging | Class B Units (11,974 units) | | 119,735 | 116,000 |
| | | | | 119,735 | 116,000 |
| Centerfield Media Holding Company (3%)* | Digital Marketing | Subordinated Note (10% Cash, 3.5% PIK, Due 03/21) | 18,690,799 | 18,385,793 | 18,385,793 |
| | | Common Shares (1,000 shares) | | 1,000,000 | 1,973,000 |
| | | | 18,690,799 | 19,385,793 | 20,358,793 |
| Chromaflo Technologies Parent LP (2%)* | Colorant Manufacturer and Distributor | Second Lien Term Loan (8.3% Cash, Due 06/20) | 9,999,618 | 9,967,597 | 9,967,597 |
| | | Class A Units (22,561 units) | | 906,604 | 2,437,000 |
| | | | 9,999,618 | 10,874,201 | 12,404,597 |
| Community Intervention Services, Inc. (2%)* | Provider of Behavioral Health Services | Subordinated Note (10% Cash, 3% PIK, Due 01/21) [6] | 16,738,706 | 15,407,588 | 11,364,000 |
| | | | 16,738,706 | 15,407,588 | 11,364,000 |

## TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments — (Continued)
## September 30, 2016

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| Comverge, Inc. (3%)* | Provider of Intelligent Energy Management Solutions | Senior Note (12% Cash, Due 05/18) | $ 15,505,583 | $ 15,391,915 | $ 15,391,915 |
| | | Preferred Stock (703 shares) | | 554,458 | 818,000 |
| | | Common Stock (1,000,000 shares) | | 100,000 | 94,000 |
| | | | 15,505,583 | 16,046,373 | 16,303,915 |
| CPower Ultimate HoldCo, LLC (0%)* | Demand Response Business | Units (345,542 units) | | 345,542 | 345,542 |
| | | | | 345,542 | 345,542 |
| CWS Holding Company, LLC (0%)* | Manufacturer of Custom Windows and Sliding Doors | Class A Units (1,500,000 units) | | 1,500,000 | 2,052,000 |
| | | | | 1,500,000 | 2,052,000 |
| Data Source Holdings, LLC (0%)* | Print Supply Chain Management Services | Common Units (47,503 units) | | 1,000,000 | 795,000 |
| | | | | 1,000,000 | 795,000 |
| DialogDirect, Inc. (3%)* | Business Process Outsourcing Provider | Subordinated Notes (12% Cash, 1.5% PIK, Due 04/20) | 16,064,880 | 15,951,956 | 15,951,956 |
| | | | 16,064,880 | 15,951,956 | 15,951,956 |
| DLC Acquisition, LLC (6%)* | Staffing Firm | Senior Notes (10% Cash, Due 12/20) | 21,400,000 | 21,112,007 | 21,112,007 |
| | | Senior Note (10% Cash, 2% PIK, Due 12/20) | 18,896,825 | 18,668,129 | 18,668,129 |
| | | | 40,296,825 | 39,780,136 | 39,780,136 |
| 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 11/19) | 7,493,799 | 7,430,044 | 7,430,044 |
| | | Series A Units (600,000 units) | | 600,000 | 438,000 |
| | | | 7,493,799 | 8,030,044 | 7,868,044 |
| Eckler's Holdings, Inc. (1%)* | Restoration Parts and Accessories for Classic Cars and Trucks | Subordinated Note (11% Cash, 4.5% PIK, Due 07/18) | 9,828,535 | 9,762,022 | 8,216,000 |
| | | Common Stock (18,029 shares) | | 183,562 | — |
| | | Series A Preferred Stock (1,596 shares) | | 1,596,126 | — |
| | | Series B Preferred Stock (185 shares) | | 185,127 | — |
| | | | 9,828,535 | 11,726,837 | 8,216,000 |
| Flowchem Holdings LLC (0%)* | Services to Crude Oil Pipeline Operators | Common Units (1,000,000 units) | | 782,356 | 2,322,000 |
| | | | | 782,356 | 2,322,000 |
| FrontStream Holdings, LLC (2%)* | Payment and Donation Management Product Service Provider | Subordinated Note (12.5% Cash, Due 12/20) | 13,375,000 | 13,248,898 | 13,248,898 |
| | | Series C-2 Preferred Shares (500 shares) | | 500,000 | 500,000 |
| | | | 13,375,000 | 13,748,898 | 13,748,898 |
| Frontstreet Facility Solutions, Inc. (1%)* | Retail, Restaurant and Commercial Facilities Maintenance | Subordinated Note (11% Cash, 2% PIK, Due 07/18) | 8,462,629 | 8,411,531 | 7,929,000 |
| | | Series A Convertible Preferred Stock (2,500 shares) | | 250,000 | — |
| | | Series B Convertible Preferred Stock (5,556 shares) | | 500,000 | — |
| | | | 8,462,629 | 9,161,531 | 7,929,000 |
| Frozen Specialties, Inc. (2%)* | Frozen Foods Manufacturer | Subordinated Note (10% Cash, 4% PIK, Due 12/17) | 13,536,975 | 13,536,975 | 14,736,975 |
| | | | 13,536,975 | 13,536,975 | 14,736,975 |
| Garden Fresh Restaurant Holding, LLC (0%)* | Restaurant | Class A Units (5,000 units) | | 500,000 | — |
| | | | | 500,000 | — |
| GST AutoLeather, Inc. (4%)* | Supplier of Automotive Interior Leather | Subordinated Note (11% Cash, 2% PIK, Due 01/21) | 23,013,847 | 22,680,826 | 22,680,826 |
| | | | 23,013,847 | 22,680,826 | 22,680,826 |
| Halo Branded Solutions, Inc. (2%)* | Supply Chain Services | Subordinated Notes (11% Cash, 1% PIK, Due 10/22) | 10,383,861 | 10,157,677 | 10,157,677 |
| | | Class A1 Units (2,600 units) | | 2,600,000 | 2,600,000 |
| | | | 10,383,861 | 12,757,677 | 12,757,677 |
| HKW Capital Partners IV, L.P. (0%)*(4) | Multi-Sector Holdings | 0.6% Limited Partnership Interest | | 924,605 | 1,243,000 |
| | | | | 924,605 | 1,243,000 |

## TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments — (Continued)
## September 30, 2016

| Portfolio Company | Industry | Type of Investment[(1)(2)(7)] | Principal Amount | Cost | Fair Value[(3)] |
|---|---|---|---|---|---|
| HTC Borrower, LLC (4%)* | Hunting and Outdoor Products | Subordinated Notes (10% Cash, 3% PIK, Due 09/20) | $ 25,932,888 | $ 25,640,882 | $ 25,640,882 |
| | | | 25,932,888 | 25,640,882 | 25,640,882 |
| ICP Industrial, Inc. (4%)* | Coatings Formulator and Manufacturer | Subordinated Note (9.5% Cash, Due 04/22) | 7,500,000 | 7,433,344 | 7,433,344 |
| | | Subordinated Notes (10% Cash, 1% PIK, Due 10/22) | 8,067,729 | 7,921,494 | 7,921,494 |
| | | Subordinated Notes (14% PIK, Due 10/22) | 5,546,862 | 5,490,449 | 5,490,449 |
| | | Class A Units (1,289 units) | | 1,751,483 | 1,697,000 |
| | | | 21,114,591 | 22,596,770 | 22,542,287 |
| Inland Pipe Rehabilitation Holding Company LLC (0%)* | Cleaning and Repair Services | Membership Interest Purchase Warrant (3%) | | 853,500 | 1,968,000 |
| | | | | 853,500 | 1,968,000 |
| KidKraft, Inc. (4%)* | Children's Toy Manufacturer and Distributor | Second Lien Term Note (11% Cash, 1% PIK, Due 03/22) | 27,600,767 | 27,048,767 | 27,048,767 |
| | | | 27,600,767 | 27,048,767 | 27,048,767 |
| K-Square Restaurant Partners, LP (F/K/A The Krystal Company) (1%)* | Restaurant | Class A Units of Limited Partnership (2,000 units) | | 638,260 | 3,707,000 |
| | | | | 638,260 | 3,707,000 |
| Media Storm, LLC (1%)* | Marketing Services | Subordinated Note (10% Cash, Due 08/19) | 6,545,455 | 6,530,280 | 6,230,000 |
| | | Membership Units (1,216,204 units) | | 1,176,957 | 563,000 |
| | | | 6,545,455 | 7,707,237 | 6,793,000 |
| MIC Holding LLC (F/K/A Magpul Industries Corp.) (2%)* | Firearm Accessories Manufacturer and Distributor | Preferred Units (1,470 units) | | 1,470,000 | 2,911,000 |
| | | Common Units (30,000 units) | | 30,000 | 7,620,000 |
| | | | | 1,500,000 | 10,531,000 |
| Micross Solutions LLC (4%)* | Provider of Semiconductor Products and Services | Subordinated Note (12% Cash, 3% PIK, Due 06/18) | 24,248,692 | 24,141,913 | 24,141,913 |
| | | Class A-2 Common Units (1,979,524 units) | | 2,019,693 | 1,082,000 |
| | | | 24,248,692 | 26,161,606 | 25,223,913 |
| Motor Vehicle Software Corporation (3%)* | Provider of EVR Services | Subordinated Note (10% Cash, 1% PIK, Due 03/21) | 20,219,264 | 19,876,812 | 19,876,812 |
| | | Class A Units (1,000,000 units) | | 1,064,960 | 1,267,000 |
| | | | 20,219,264 | 20,941,772 | 21,143,812 |
| Nautic Partners VII, LP (0%)*[(4)] | Multi-Sector Holdings | 0.4% Limited Partnership Interest | | 1,156,908 | 1,691,010 |
| | | | | 1,156,908 | 1,691,010 |
| Nomacorc, LLC (3%)* | Synthetic Wine Cork Producer | Subordinated Note (10% Cash, 2.3% PIK, Due 07/21) | 20,756,540 | 20,440,373 | 16,344,000 |
| | | Limited Partnership Interest | | 2,150,637 | — |
| | | | 20,756,540 | 22,591,010 | 16,344,000 |
| Orchid Underwriters Agency, LLC (4%)* | Insurance Underwriter | Term B Note (10% Cash, Due 11/19) | 22,644,852 | 22,325,682 | 22,325,682 |
| | | Class A Preferred Units (15,000 units) | | 1,500,000 | 1,909,000 |
| | | Class A Common Units (15,000 units) | | — | 996,000 |
| | | | 22,644,852 | 23,825,682 | 25,230,682 |
| PHW Equity Investors, L.P. (F/K/A Performance Health & Wellness Holdings, Inc.) (0%)* | Rehabilitation and Wellness Products | Class A Limited Partnership Units (15,000 units) | | — | 50,000 |
| | | | | — | 50,000 |
| PowerDirect Marketing, LLC (0%)* | Marketing Services | Subordinated Note (13% Cash, 2% PIK, Due 12/16)[(6)] | 9,083,704 | 5,927,482 | 1,700,000 |
| | | Common Unit Purchase Warrants | | 590,200 | — |
| | | | 9,083,704 | 6,517,682 | 1,700,000 |
| RockYou, Inc. (0%)* | Mobile Game Advertising Network | Common Stock (67,585 shares) | | 111,000 | 111,000 |
| | | | | 111,000 | 111,000 |
| Rotolo Consultants, Inc. (1%)* | Landscape Services | Subordinated Note (11% Cash, 3% PIK, Due 08/21) | 6,851,547 | 6,735,597 | 6,735,597 |
| | | Series A Preferred Units (39 units) | | 3,654,253 | 1,821,000 |
| | | | 6,851,547 | 10,389,850 | 8,556,597 |

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| Smile Brands, Inc. (4%)* | Dental Service Organization | Subordinated Notes (10% Cash, 2.0% PIK, Due 02/23) | $ 22,228,903 | $ 21,785,434 | $ 21,785,434 |
| | | Class A Units (3,000 units) | | 3,000,000 | 3,000,000 |
| | | | 22,228,903 | 24,785,434 | 24,785,434 |
| SPC Partners V, LP (0%)*(4) | Multi-Sector Holdings | 0.7% Limited Partnership Interest | | 1,777,882 | 1,893,000 |
| | | | | 1,777,882 | 1,893,000 |
| Specialized Desanders, Inc. (3%)*(4) | Sand and Particulate Removal Equipment Provider for Oil and Gas Companies | Subordinated Note (12% Cash, 2% PIK, Due 03/20) | 16,110,042 | 15,953,808 | 12,758,951 |
| | | Class C Partnership Units (2,000,000 units) | | 1,937,421 | 2,708,000 |
| | | | 16,110,042 | 17,891,229 | 15,466,951 |
| Tate's Bake Shop (2%)* | Producer of Baked Goods | Subordinated Note (10% Cash, 3% PIK, Due 02/20) | 10,655,757 | 10,516,293 | 10,516,293 |
| | | Limited Partnership Interest | | 925,000 | 1,225,000 |
| | | | 10,655,757 | 11,441,293 | 11,741,293 |
| TCFI Merlin LLC (2%)* | Specialty Staffing Service Provider | Senior Note (10% Cash, 1% PIK, Due 09/19) | 13,361,851 | 13,164,450 | 13,164,450 |
| | | Limited Partnership Units (500,000 units) | | 500,000 | 500,000 |
| | | | 13,361,851 | 13,664,450 | 13,664,450 |
| The Cook & Boardman Group, LLC (3%)* | Distributor of Doors and Related Products | Subordinated Note (10% Cash, 2.5% PIK, Due 03/20) | 14,746,109 | 14,550,859 | 14,550,859 |
| | | Class A Units (1,400,000 units) | | 1,400,000 | 2,606,000 |
| | | | 14,746,109 | 15,950,859 | 17,156,859 |
| TK USA Enterprises, Inc. (2%)* | Hardware Designer and Distributor | Subordinated Note (11% Cash, Due 10/23) | 12,500,000 | 12,261,531 | 12,261,531 |
| | | | 12,500,000 | 12,261,531 | 12,261,531 |
| Travelpro Products, Inc. ("Travelpro") and TP - Holiday Group Limited ("TP") (3%)* | Luggage and Travel Bag Supplier | Second Lien Term Note - Travelpro (11% Cash, 2% PIK, Due 11/22) | 10,074,563 | 9,861,807 | 9,861,807 |
| | | Second Lien Term Note - TP (11% Cash, 2% PIK, Due 11/22) (4) | 8,926,530 | 8,735,050 | 8,683,187 |
| | | Common Units - Travelpro (2,000,000 units) | | 2,000,000 | 2,000,000 |
| | | | 19,001,093 | 20,596,857 | 20,544,994 |
| United Biologics, LLC (2%)* | Allergy Immunotherapy | Subordinated Note (12% Cash, 2% PIK, Due 03/17) | 12,693,170 | 12,550,040 | 12,550,040 |
| | | Class A-1 Common Units (18,818 units) | | 137,324 | 137,000 |
| | | Class A Common Units (177,935 units) | | 1,999,989 | 1,586,000 |
| | | Class A-2 Common Kicker Units (444,003 units) | | — | — |
| | | Class A-1 Common Kicker Units (14,114 units) | | — | — |
| | | Class A, Class A-1, Class A-1 Kicker & Class B Unit Purchase Warrants | | 838,117 | 330,000 |
| | | | 12,693,170 | 15,525,470 | 14,603,040 |
| Vantage Mobility International, LLC (5%)* | Wheelchair Accessible Vehicle Manufacturer | Subordinated Notes (10.2% Cash, Due 09/21) | 29,350,000 | 28,763,000 | 28,763,000 |
| | | Class A Units (1,750,000 units) | | 1,750,000 | 1,750,000 |
| | | | 29,350,000 | 30,513,000 | 30,513,000 |
| Water Pik, Inc. (5%)* | Oral Health and Shower Head Supplier | Second Lien Term Loan (9.8% Cash, Due 01/21) | 32,677,978 | 32,278,365 | 32,278,365 |
| | | | 32,677,978 | 32,278,365 | 32,278,365 |
| Wheel Pros Holdings, Inc. (2%)* | Wheel/Rim and Performance Tire Distributor | Subordinated Note (11% Cash, Due 06/20) | 13,822,500 | 13,592,442 | 13,592,442 |
| | | Class A Units (2,000 units) | | 1,954,144 | 1,846,000 |
| | | | 13,822,500 | 15,546,586 | 15,438,442 |
| Women's Marketing, Inc. (2%)* | Full-Service Media Organization | Subordinated Note (11% Cash, 1.5% PIK, Due 06/21)(5) | 16,496,655 | 16,141,439 | 11,700,000 |
| | | Class A Common Units (16,300 units) | | 1,630,000 | — |
| | | | 16,496,655 | 17,771,439 | 11,700,000 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments — (Continued)
## September 30, 2016

| 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 | $ 2,559,000 |
| | | | | 3,000,000 | 2,559,000 |
| YummyEarth Inc. (3%)* | Organic Candy Manufacturer | Senior Notes (9.5% Cash, Due 08/20) | $ 21,000,000 | 20,541,338 | 18,397,000 |
| | | Limited Partnership Interest | | 3,496,500 | 481,000 |
| | | | 21,000,000 | 24,037,838 | 18,878,000 |
| **Subtotal Non–Control / Non–Affiliate Investments** | | | **713,059,526** | **771,052,767** | **748,363,034** |
| ***Affiliate Investments:*** | | | | | |
| All Aboard America! Holdings Inc. (3%)* | Motor Coach Operator | Subordinated Note (12% Cash, 3% PIK, Due 12/17) | 15,432,686 | 15,350,698 | 15,350,698 |
| | | Membership Units in LLC | | 2,300,782 | 4,970,000 |
| | | | 15,432,686 | 17,651,480 | 20,320,698 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC (1%)* | Lighting Wholesale and Distribution | Subordinated Note (12% Cash, 3% PIK, Due 01/21) | 3,630,522 | 3,532,581 | 3,630,522 |
| | | Membership Units (8,364 units) | | 620,653 | 4,176,000 |
| | | | 3,630,522 | 4,153,234 | 7,806,522 |
| CIS Secure Computing Inc. (2%)* | Secure Communications and Computing Solutions Provider | Subordinated Note (12% Cash, 3% PIK, Due 03/18) | 11,581,689 | 11,581,688 | 11,581,688 |
| | | Common Stock (84 shares) | | 502,320 | 1,842,000 |
| | | | 11,581,689 | 12,084,008 | 13,423,688 |
| Consolidated Lumber Company LLC (1%)* | Lumber Yard Operator | Subordinated Note (10% Cash, 2% PIK, Due 09/20) | 5,443,221 | 5,343,622 | 5,343,622 |
| | | Class A Units (15,000 units) | | 1,500,000 | 2,171,000 |
| | | | 5,443,221 | 6,843,622 | 7,514,622 |
| DPII Holdings, LLC (1%)* | Satellite Communication Business | Tranche I & II Subordinated Notes (12% Cash, 4% PIK, Due 07/17)(6) | 3,706,688 | 3,341,061 | 2,597,000 |
| | | Tranche III Subordinated Note (19% PIK, Due 07/17)(6) | 1,732,858 | 1,583,077 | 500,000 |
| | | Class A Membership Interest (17,308 units) | | 1,107,692 | — |
| | | | 5,439,546 | 6,031,830 | 3,097,000 |
| FCL Holding SPV, LLC (0%)* | Commercial Printing Services | Class A Interest (24,873 units) | | 292,000 | 645,000 |
| | | Class B Interest (48,427 units) | | — | 35,000 |
| | | Class C Interest (3,746 units) | | — | — |
| | | | | 292,000 | 680,000 |
| Frank Entertainment Group, LLC (3%)* | Movie Theatre and Family Entertainment Operator | Senior Note (10% Cash, 5.8% PIK, Due 06/18) | 9,980,663 | 9,915,004 | 9,915,004 |
| | | 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 (25,846 units) | | 600,000 | 600,000 |
| | | Class A Common Units (43,077 units) | | 1,000,000 | — |
| | | Class A Common Warrants | | 632,000 | — |
| | | | 9,980,663 | 16,515,004 | 16,742,718 |
| GenPref LLC (0%)* | Lab Testing Services | 7.0% LLC Interest | | 23,162 | 16,400 |
| | | | | 23,162 | 16,400 |
| MS Bakery Holdings, Inc. (F/K/A Main Street Gourmet, LLC) (1%)* | Baked Goods Provider | Preferred Units (233 units) | | 211,867 | 394,000 |
| | | Common B Units (3,000 units) | | 23,140 | 2,000,000 |
| | | Common A Units (1,652 units) | | 14,993 | 1,102,000 |
| | | | | 250,000 | 3,496,000 |

# TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments — (Continued)
## September 30, 2016

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| NB Products, Inc. (8%)* | Distributor of Work Apparel and Accessories | Subordinated Note (12% Cash, 2% PIK, Due 02/20) | $ 22,990,363 | $ 22,615,113 | $ 22,615,113 |
| | | Jr. Subordinated Note (10% PIK, Due 02/20) | 4,591,054 | 4,474,062 | 4,474,062 |
| | | Jr. Subordinated Bridge Note (20% PIK, Due 05/21) | 1,907,225 | 1,875,510 | 1,875,510 |
| | | Series A Redeemable Senior Preferred Stock (7,839 shares) | | 7,621,648 | 9,181,000 |
| | | Common Stock (1,668,691 shares) | | 333,738 | 8,903,000 |
| | | | 29,488,642 | 36,920,071 | 47,048,685 |
| PCX Aerostructures, LLC (3%)* | Aerospace Component Manufacturer | Subordinated Note (11% Cash, 4% PIK, Due 10/19) | 24,255,406 | 23,978,357 | 18,999,000 |
| | | Series A Preferred Stock (6,066 shares) | | 6,065,621 | — |
| | | Series B Preferred Stock (164 shares) | | 164,368 | — |
| | | Class A Common Stock (121,922 shares) | | 30,480 | — |
| | | | 24,255,406 | 30,238,826 | 18,999,000 |
| Technology Crops, LLC (2%)* | Supply Chain Management Services | Subordinated Notes (12% Cash, 5% PIK, Due 03/17) | 11,687,643 | 11,687,643 | 11,687,643 |
| | | Common Units (50 units) | | 500,000 | — |
| | | | 11,687,643 | 12,187,643 | 11,687,643 |
| TGaS Advisors, LLC (2%)* | Advisory Solutions to Pharmaceutical Companies | Senior Note (10% Cash, 1% PIK, Due 11/19) | 9,711,679 | 9,545,196 | 9,545,196 |
| | | Preferred Units (1,685,357 units) | | 1,556,069 | 1,564,000 |
| | | | 9,711,679 | 11,101,265 | 11,109,196 |
| Tulcan Fund IV, L.P. (F/K/A Dyson Corporation) (0%)* | Custom Forging and Fastener Supplies | Common Units (1,000,000 units) | | 1,000,000 | — |
| | | | | 1,000,000 | — |
| UCS Super HoldCo LLC (0%)* | Squid and Wetfish Processor and Distributor | Membership Units (1,000 units) | | 776,437 | 63,000 |
| | | | | 776,437 | 63,000 |
| United Retirement Plan Consultants, Inc. (0%)* | Retirement Plan Administrator | Series A Preferred Shares (9,400 shares) | | 205,748 | 233,000 |
| | | Common Shares (100,000 shares) | | 1,000,000 | 136,000 |
| | | | | 1,205,748 | 369,000 |
| 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 | 629,000 |
| | | Common Unit Purchase Warrant (1,170,083 units) | | 748,900 | — |
| | | Common Units (153,219 units) | | 180,783 | — |
| | | | | 6,485,001 | 629,000 |
| Wythe Will Tzetzo, LLC (1%)* | Confectionery Goods Distributor | Series A Preferred Units (99,829 units) | | — | 7,108,000 |
| | | | | — | 7,108,000 |
| **Subtotal Affiliate Investments** | | | **126,651,697** | **163,759,331** | **170,111,172** |
| ***Control Investments:*** | | | | | |
| CRS Reprocessing, LLC (2%)* | Fluid Reprocessing Services | Senior Notes (4.0% Cash, Due 12/16) | 2,942,769 | 2,942,769 | 2,942,769 |
| | | Split Collateral Term Loans (10.5% Cash, Due 12/16) | 10,192,464 | 10,192,464 | 6,876,000 |
| | | Series F Preferred Units (705,321 units) | | 9,134,807 | — |
| | | Common Units (15,174 units) | | — | — |
| | | | 13,135,233 | 22,270,040 | 9,818,769 |
| DCWV Acquisition Corporation (1%)* | Arts & Crafts and Home Decor Products Designer and Supplier | Senior Subordinated Note (15% PIK, Due 12/19)(6) | 280,967 | 250,000 | 250,000 |
| | | Subordinated Note (12% Cash, 3% PIK, Due 12/19)(6) | 7,786,447 | 6,178,633 | 3,061,000 |
| | | Jr. Subordinated Note (15% PIK, Due 12/19)(6) | 2,349,604 | 2,000,000 | — |
| | | Series A Preferred Equity (1,200 shares) | | 1,200,000 | — |
| | | 100% Common Shares | | — | — |
| | | | 10,417,018 | 9,628,633 | 3,311,000 |

## TRIANGLE CAPITAL CORPORATION
## Unaudited Consolidated Schedule of Investments — (Continued)
## September 30, 2016

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| Gerli & Company (0%)* | Specialty Woven Fabrics Manufacturer | Subordinated Note (13% Cash, Due 1/17)(6) | $ 627,674 | $ 375,000 | $ — |
| | | Subordinated Note (8.5% Cash, Due 1/17)(6) | 4,796,649 | 3,000,000 | — |
| | | 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 | — |
| | | | 5,424,323 | 4,491,440 | — |
| SRC Worldwide, Inc. (1%)* | Specialty Chemical Manufacturer | Common Stock (5,000 shares) | | 8,028,000 | 8,028,000 |
| | | | | 8,028,000 | 8,028,000 |
| Team Waste, LLC (1%)* | Environmental and Facilities Services | Preferred Units (41 units) | | 8,100,000 | 8,100,000 |
| | | | | 8,100,000 | 8,100,000 |
| **Subtotal Control Investments** | | | **28,976,574** | **52,518,113** | **29,257,769** |
| **Total Investments, September 30, 2016 (153%)*** | | | **$ 868,687,797** | **$ 987,330,211** | **$ 947,731,975** |

* 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, as amended. Non-qualifying assets represent 3.1% of total investments at fair value as of September 30, 2016. 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.*

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments
## December 31, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| ***Non–Control / Non–Affiliate Investments:*** | | | | | |
| Access Medical Acquisition, Inc. (3%)* | Operator of Primary Care Clinics | Subordinated Notes (10% Cash, 2% PIK, Due 01/22) | $ 13,819,514 | $ 13,559,977 | $ 13,559,977 |
| | | Class A Units (1,500,000 units) | | 1,500,000 | 2,282,000 |
| | | | 13,819,514 | 15,059,977 | 15,841,977 |
| ADCS Clinics, LLC (2%)* | Operator of Dermatology Clinics | Subordinated Note (11% Cash, 2% PIK, Due 05/20) | 10,042,719 | 9,848,836 | 9,848,836 |
| | | | 10,042,719 | 9,848,836 | 9,848,836 |
| Agilex Flavors & Fragrances, Inc. (3%)* | Custom Fragrance Producer | Subordinated Note (12% Cash, 1.5% PIK, Due 06/19) | 13,089,478 | 12,931,506 | 12,931,506 |
| | | Common Units (1,250 units) | | 1,250,000 | 2,527,000 |
| | | | 13,089,478 | 14,181,506 | 15,458,506 |
| AGM Automotive, LLC (1%)* | Auto Industry Interior Components Supplier | Units (1,500,000 units) | | 630,134 | 2,774,000 |
| | | | | 630,134 | 2,774,000 |
| All Metals Holding, LLC (1%)* | Steel Processor and Distributor | Subordinated Note (10.5% Cash, Due 12/19) | 4,950,000 | 4,832,848 | 4,832,848 |
| | | Units (34,732 units) | | 122,000 | 122,000 |
| | | | 4,950,000 | 4,954,848 | 4,954,848 |
| All Metro Health Care Services, Inc. (3%)* | Home Care Service Provider | Subordinated Note (10% Cash, 2% PIK, Due 03/20) | 17,350,000 | 16,998,931 | 17,350,000 |
| | | | 17,350,000 | 16,998,931 | 17,350,000 |
| Applied-Cleveland Holdings, Inc. (5%)* | Oil and Gas Pipeline Infrastructure Inspection Services | Subordinated Notes (10% Cash, 2% PIK, Due 06/19) | 23,470,748 | 23,215,930 | 23,215,930 |
| | | Class A Units (2,129,032 units) | | 2,129,032 | 2,398,000 |
| | | | 23,470,748 | 25,344,962 | 25,613,930 |
| Audio and Video Labs Holdings, Inc. (2%)* | Manufacturer and Distributor for Independent Artists and Authors | Subordinated Notes (12% Cash, 2% PIK, Due 06/18) | 10,508,029 | 10,397,618 | 10,397,618 |
| | | Common Stock (138 shares) | | 1,300,000 | 1,823,000 |
| | | | 10,508,029 | 11,697,618 | 12,220,618 |
| Avkem International, LLC (1%)* | Flux and Foundry Manufacturer and Supplier | Subordinated Note (10% Cash, 4% PIK, Due 12/17) | 4,044,171 | 3,972,207 | 3,972,207 |
| | | | 4,044,171 | 3,972,207 | 3,972,207 |
| Baker Hill Acquisition, LLC (3%)* | Loan Origination Software Solutions Provider | Subordinated Notes (11.5% Cash, Due 03/21) | 13,500,000 | 13,304,441 | 13,304,441 |
| | | Limited Partner Interest | | 1,498,500 | 1,498,500 |
| | | | 13,500,000 | 14,802,941 | 14,802,941 |
| BFN Operations LLC (1%)* | Wholesale Grower and Distributor of Shrubs, Trees and Plants | First-Out Subordinated Note (3% Cash, 14% PIK, Due 06/18)(5) | 15,473,803 | 14,162,530 | 2,162,000 |
| | | Last-Out Subordinated Note (17% PIK, Due 06/18)(6) | 2,107,700 | 1,957,027 | — |
| | | | 17,581,503 | 16,119,557 | 2,162,000 |
| Cafe Enterprises, Inc. (3%)* | Restaurant | Subordinated Note (12% Cash, 2% PIK, Due 09/19) | 12,407,440 | 12,227,662 | 12,227,662 |
| | | Series C Preferred Stock (10,000 shares) | | 1,000,000 | 1,354,000 |
| | | | 12,407,440 | 13,227,662 | 13,581,662 |
| Capital Contractors, Inc. (1%)* | Janitorial and Facilities Maintenance Services | Subordinated Notes (5% Cash, Due 12/16) | 9,843,542 | 9,684,660 | 6,725,000 |
| | | Series A Redeemable Preferred Stock (200 shares) | | 2,000,000 | — |
| | | Common Stock Warrants (20 shares) | | 492,000 | — |
| | | | 9,843,542 | 12,176,660 | 6,725,000 |
| Captek Softgel International, Inc. (3%)* | Nutraceutical Manufacturer | Subordinated Note (10% Cash, 2.5% PIK, Due 06/21) | 15,021,875 | 14,721,875 | 14,721,875 |
| | | Common Stock (15,000 shares) | | 1,500,000 | 1,500,000 |
| | | | 15,021,875 | 16,221,875 | 16,221,875 |
| Carolina Beverage Group, LLC (0%)* | Beverage Manufacturing and Packaging | Class B Units (11,974 units) | | 119,735 | 644,000 |
| | | | | 119,735 | 644,000 |

## TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments — (Continued)
## December 31, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| Centerfield Media Holding Company (4%)* | Digital Marketing | Subordinated Note (10% Cash, 3.5% PIK, Due 03/21) | $ 18,201,610 | $ 17,854,853 | $ 17,854,853 |
| | | Common Shares (1,000 shares) | | 1,000,000 | 1,000,000 |
| | | | 18,201,610 | 18,854,853 | 18,854,853 |
| Chromaflo Technologies Parent LP (2%)* | Colorant Manufacturer and Distributor | Second Lien Term Loan (8.3% Cash, Due 06/20) | 9,999,618 | 9,962,287 | 9,336,000 |
| | | Class A Units (22,561 units) | | 906,604 | 1,845,000 |
| | | | 9,999,618 | 10,868,891 | 11,181,000 |
| Community Intervention Services, Inc. (3%)* | Provider of Behavioral Health Services | Subordinated Note (10% Cash, 3% PIK, Due 01/21) | 15,567,011 | 15,278,382 | 15,278,382 |
| | | | 15,567,011 | 15,278,382 | 15,278,382 |
| Comverge, Inc. (3%)* | Provider of Intelligent Energy Management Solutions | Senior Note (12% Cash, Due 05/18) | 15,505,583 | 15,349,955 | 15,349,955 |
| | | Preferred Stock (703 shares) | | 554,458 | 708,000 |
| | | Common Stock (1,000,000 shares) | | 100,000 | 563,000 |
| | | | 15,505,583 | 16,004,413 | 16,620,955 |
| Continental Anesthesia Management, LLC (2%)* | Physicians Management Services | Subordinated Note (10% Cash, 4% PIK, Due 04/16) | 10,676,571 | 10,676,571 | 10,676,571 |
| | | Warrant (263 shares) | | 276,100 | — |
| | | | 10,676,571 | 10,952,671 | 10,676,571 |
| CPower Ultimate HoldCo, LLC (0%)* | Demand Response Business | Units (345,542 units) | | 345,542 | 345,542 |
| | | | | 345,542 | 345,542 |
| CPC Acquisition Corp. (3%)* | Coatings Formulator and Manufacturer | Subordinated Note (9.5% Cash, Due 04/22) | 7,500,000 | 7,427,013 | 7,427,013 |
| | | Subordinated Note (10% Cash, 1% PIK, Due 10/22) | 3,757,187 | 3,720,583 | 3,720,583 |
| | | Subordinated Note (14% PIK, Due 10/22) | 3,850,625 | 3,814,021 | 3,814,021 |
| | | Class A Units (1,081 units) | | 1,500,000 | 1,500,000 |
| | | | 15,107,812 | 16,461,617 | 16,461,617 |
| CWS Acquisition Corp. (0%)* | Manufacturer of Custom Windows and Sliding Doors | 1,500,000 Class A Units | | 1,500,000 | 1,500,000 |
| | | | | 1,500,000 | 1,500,000 |
| Danville Materials, LLC (4%)* | Manufacturer of Dental Products | Subordinated Note (10% Cash, Due 10/20) | 7,237,000 | 7,159,943 | 7,237,000 |
| | | Subordinated Note (10% Cash, 2% PIK, Due 10/20) | 9,537,517 | 9,446,012 | 9,537,517 |
| | | Common Units (45,492 units) | | 82,593 | 1,733,000 |
| | | | 16,774,517 | 16,688,548 | 18,507,517 |
| Data Source Holdings, LLC (0%)* | Print Supply Chain Management Services | Common Units (47,503 units) | | 1,000,000 | 792,000 |
| | | | | 1,000,000 | 792,000 |
| DialogDirect, Inc. (5%)* | Business Process Outsourcing Provider | Subordinated Notes (12% Cash, 1.5% PIK, Due 04/20) | 24,435,667 | 24,237,485 | 20,871,000 |
| | | | 24,435,667 | 24,237,485 | 20,871,000 |
| DLC Acquisition, LLC (8%)* | Staffing Firm | Senior Notes (10% Cash, Due 12/20) | 21,614,062 | 21,260,181 | 21,260,181 |
| | | Senior Note (10% Cash, 2% PIK, Due 12/20) | 18,612,068 | 18,352,068 | 18,352,068 |
| | | | 40,226,130 | 39,612,249 | 39,612,249 |
| DLR Restaurants, LLC (0%)* | Restaurant | Royalty Rights | | — | — |
| | | | | — | — |
| Dyno Acquiror, Inc. (2%)* | Sewing Products and Seasonal Decorative Products Supplier | Subordinated Note (12% Cash, 2% PIK, Due 11/18) | 7,382,324 | 7,298,289 | 7,298,289 |
| | | Series A Units (600,000 units) | | 600,000 | 523,000 |
| | | | 7,382,324 | 7,898,289 | 7,821,289 |
| Eckler's Holdings, Inc. (2%)* | Restoration Parts and Accessories for Classic Cars and Trucks | Subordinated Note (11% Cash, 4.5% PIK, Due 07/18) | 9,499,451 | 9,411,489 | 9,065,000 |
| | | Common Stock (18,029 shares) | | 183,562 | — |
| | | Series A Preferred Stock (1,596 shares) | | 1,596,126 | — |
| | | Series B Preferred Stock (185 shares) | | 185,127 | 149,000 |
| | | | 9,499,451 | 11,376,304 | 9,214,000 |
| Electronic Systems Protection, Inc. (0%)* | Power Protection Systems Manufacturing | Common Stock (570 shares) | | 285,000 | 680,000 |
| | | | | 285,000 | 680,000 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments — (Continued)
## December 31, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| FCL Graphics, Inc. (0%)* | Commercial Printing Services | Senior Note (5.2% Cash, Due 09/16) | $ 1,030,253 | $ 1,030,253 | $ 677,000 |
| | | Senior Note (8.0% Cash, 2% PIK, Due 09/16)(5) | 1,244,804 | 1,207,439 | — |
| | | | 2,275,057 | 2,237,692 | 677,000 |
| Flowchem Ltd. (0%)* | Services to Crude Oil Pipeline Operators | Common Units (1,000,000 units) | | 782,356 | 1,968,000 |
| | | | | 782,356 | 1,968,000 |
| FrontStream Holdings, LLC (3%)* | Payment and Donation Management Product Service Provider | Subordinated Note (13.0% Cash, Due 12/20) | 13,375,000 | 13,232,718 | 13,232,718 |
| | | Series C-2 Preferred Shares (500 shares) | | 500,000 | 500,000 |
| | | | 13,375,000 | 13,732,718 | 13,732,718 |
| Frontstreet Facility Solutions, Inc. (1%)* | Retail, Restaurant and Commercial Facilities Maintenance | Subordinated Note (13% Cash, Due 07/18) | 8,462,629 | 8,392,051 | 6,603,000 |
| | | Series A Convertible Preferred Stock (2,500 shares) | | 250,000 | — |
| | | Series B Convertible Preferred Stock (5,556 shares) | | 500,000 | — |
| | | | 8,462,629 | 9,142,051 | 6,603,000 |
| Frozen Specialties, Inc. (3%)* | Frozen Foods Manufacturer | Subordinated Note (10% Cash, 4% PIK, Due 12/17) | 13,133,074 | 13,133,074 | 14,333,074 |
| | | | 13,133,074 | 13,133,074 | 14,333,074 |
| Garden Fresh Restaurant Holding, LLC (0%)* | Restaurant | Class A Units (5,000 units) | | 500,000 | 26,000 |
| | | | | 500,000 | 26,000 |
| GST AutoLeather, Inc. (4%)* | Supplier of Automotive Interior Leather | Subordinated Note (11% Cash, 2% PIK, Due 01/21) | 22,667,050 | 22,295,430 | 22,295,430 |
| | | | 22,667,050 | 22,295,430 | 22,295,430 |
| Hatch Chile Co., LLC (0%)* | Food Products Distributor | Unit Purchase Warrant (7,817 units) | | 295,800 | 1,412,000 |
| | | | | 295,800 | 1,412,000 |
| HKW Capital Partners IV, L.P. (0%)*(4) | Multi-Sector Holdings | 0.6% Limited Partnership Interest | | 1,148,222 | 1,286,000 |
| | | | | 1,148,222 | 1,286,000 |
| HTC Borrower, LLC (5%)* | Hunting and Outdoor Products | Subordinated Notes (10% Cash, 3% PIK, Due 09/20) | 25,349,458 | 25,014,420 | 25,014,420 |
| | | | 25,349,458 | 25,014,420 | 25,014,420 |
| Inland Pipe Rehabilitation Holding Company LLC (2%)* | Cleaning and Repair Services | Subordinated Notes (10% Cash, 5.5% PIK, Due 12/16) | 9,644,469 | 9,620,276 | 9,620,276 |
| | | Membership Interest Purchase Warrant (3%) | | 853,500 | — |
| | | | 9,644,469 | 10,473,776 | 9,620,276 |
| KT Capital Partners, L.P. (0%)*(4) | Multi-Sector Holdings | Subordinated Notes (10% PIK) | 740,740 | 374,000 | 740,740 |
| | | Subordinated Note (3.3 % PIK) | 160,044 | 81,000 | 160,044 |
| | | 4.2% Limited Partnership Interest | | 380,000 | 769,000 |
| | | | 900,784 | 835,000 | 1,669,784 |
| Magpul Industries Corp. (1%)* | Firearm Accessories Manufacturer and Distributor | Preferred Units (1,470 units) | | 1,470,000 | 2,630,000 |
| | | Common Units (30,000 units) | | 30,000 | 2,461,000 |
| | | | | 1,500,000 | 5,091,000 |
| Media Storm, LLC (1%)* | Marketing Services | Subordinated Note (10% Cash, Due 08/19) | 6,545,455 | 6,519,844 | 6,519,844 |
| | | Membership Units (1,216,204 units) | | 1,176,957 | 1,059,000 |
| | | | 6,545,455 | 7,696,801 | 7,578,844 |
| Micross Solutions LLC (5%)* | Provider of Semiconductor Products and Services | Subordinated Note (12% Cash, 3% PIK, Due 06/18) | 23,701,971 | 23,555,773 | 23,555,773 |
| | | Class A-2 Common Units (1,979,524 units) | | 2,019,693 | 1,264,000 |
| | | | 23,701,971 | 25,575,466 | 24,819,773 |
| Motor Vehicle Software Corporation (4%)* | Provider of EVR Services | Subordinated Note (10% Cash, 1% PIK, Due 03/21) | 20,066,150 | 19,680,009 | 19,680,009 |
| | | Class A Units (1,000,000 units) | | 1,064,960 | 1,064,960 |
| | | | 20,066,150 | 20,744,969 | 20,744,969 |
| My Alarm Center, LLC (0%)* | Security Company | Preferred Units (2,000,000 units) | | 2,000,000 | 1,563,000 |
| | | | | 2,000,000 | 1,563,000 |
| Nautic Partners VII, LP (0%)*(4) | Multi-Sector Holdings | 0.4% Limited Partnership Interest | | 727,348 | 1,163,000 |
| | | | | 727,348 | 1,163,000 |

## TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments — (Continued)
## December 31, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| Nomacorc, LLC (4%)* | Synthetic Wine Cork Producer | Subordinated Note (10% Cash, 2.25% PIK, Due 07/21) | $ 20,405,104 | $ 20,051,228 | $ 18,346,000 |
| | | Limited Partnership Interest | | 2,267,211 | 1,829,000 |
| | | | 20,405,104 | 22,318,439 | 20,175,000 |
| On Event Services, LLC (5%)* | Equipment Rentals | Subordinated Notes (10% Cash, 2% PIK, Due 06/20) | 21,841,967 | 21,146,202 | 21,146,202 |
| | | Warrant to Purchase Units (5.4%) | | 1,252,000 | 1,870,000 |
| | | Option to Acquire Warrants | | — | 385,000 |
| | | | 21,841,967 | 22,398,202 | 23,401,202 |
| Orchid Underwriters Agency, LLC (5%)* | Insurance Underwriter | Term B Note (10% Cash, Due 11/19) | 22,644,852 | 22,259,848 | 22,259,848 |
| | | Class A Preferred Units (15,000 units) | | 1,500,000 | 1,735,000 |
| | | Class A Common Units (15,000 units) | | — | 777,000 |
| | | | 22,644,852 | 23,759,848 | 24,771,848 |
| Performance Health & Wellness Holdings, Inc. (1%)* | Rehabilitation and Wellness Products | Class A Limited Partnership Units (15,000 units) | | 1,500,000 | 3,533,000 |
| | | | | 1,500,000 | 3,533,000 |
| PowerDirect Marketing, LLC (1%)* | Marketing Services | Subordinated Note (13% Cash, 2% PIK, Due 12/16)(6) | 8,766,784 | 6,627,482 | 2,728,000 |
| | | Common Unit Purchase Warrants | | 590,200 | — |
| | | | 8,766,784 | 7,217,682 | 2,728,000 |
| Radiant Logistics, Inc. (3%)* | Freight Logistics | Subordinated Note (12% Cash, Due 04/21) | 15,000,000 | 14,726,935 | 14,726,935 |
| | | | 15,000,000 | 14,726,935 | 14,726,935 |
| RockYou, Inc. (0%)* | Mobile Game Advertising Network | Common Stock (67,585 shares) | | 111,000 | 111,000 |
| | | | | 111,000 | 111,000 |
| Rotolo Consultants, Inc. (2%)* | Landscape Services | Subordinated Note (11% Cash, 3% PIK, Due 08/21) | 6,697,070 | 6,568,541 | 6,568,541 |
| | | Series A Preferred Units (39 units) | | 3,654,253 | 3,654,253 |
| | | | 6,697,070 | 10,222,794 | 10,222,794 |
| SPC Partners V, LP (0%)*(4) | Multi-Sector Holdings | 0.7% Limited Partnership Interest | | 1,296,140 | 1,241,000 |
| | | | | 1,296,140 | 1,241,000 |
| Specialized Desanders, Inc. (3%)*(4) | Sand and Particulate Removal Equipment Provider for Oil and Gas Companies | Subordinated Note (12% Cash, 2% PIK, Due 03/20) | 16,110,043 | 15,917,841 | 12,064,469 |
| | | Class C Partnership Units (2,000,000 units) | | 1,937,421 | 2,954,000 |
| | | | 16,110,043 | 17,855,262 | 15,018,469 |
| Tate's Bake Shop (2%)* | Producer of Baked Goods | Subordinated Note (10% Cash, 3% PIK, Due 02/20) | 10,416,107 | 10,252,530 | 10,252,530 |
| | | Limited Partner Interest | | 925,000 | 1,207,000 |
| | | | 10,416,107 | 11,177,530 | 11,459,530 |
| TCFI Merlin LLC (3%)* | Specialty Staffing Service Provider | Senior Note (10% Cash, 1% PIK, Due 09/19) | 14,495,790 | 14,257,521 | 14,257,521 |
| | | Limited Partnership Units (500,000 units) | | 500,000 | 488,000 |
| | | | 14,495,790 | 14,757,521 | 14,745,521 |
| The Cook & Boardman Group, LLC (3%)* | Distributor of Doors and Related Products | Subordinated Note (10% Cash, 2.5% PIK, Due 03/20) | 14,469,046 | 14,240,038 | 14,240,038 |
| | | Class A Units (1,400,000 units) | | 1,400,000 | 1,823,000 |
| | | | 14,469,046 | 15,640,038 | 16,063,038 |
| The Krystal Company (1%)* | Restaurant | Class A Units of Limited Partnership (2,000 units) | | 638,260 | 2,753,000 |
| | | | | 638,260 | 2,753,000 |
| Top Knobs USA, Inc. (0%)* | Hardware Designer and Distributor | Common Stock (26,593 shares) | | 333,994 | 2,654,000 |
| | | | | 333,994 | 2,654,000 |

**TRIANGLE CAPITAL CORPORATION**
**Consolidated Schedule of Investments — (Continued)**
**December 31, 2015**

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| United Biologics, LLC (2%)* | Allergy Immunotherapy | Subordinated Note (12% Cash, 2% PIK, Due 03/17) | $ 12,626,565 | $ 12,283,998 | $ 11,143,000 |
| | | Class A Common Units (177,935 units) | | 1,999,989 | — |
| | | Class A-1 Common Units (18,818 units) | | 137,324 | — |
| | | Class A-1 Common Kicker Units (14,114 units) | | — | — |
| | | Class A, Class A-1, Class A-1 Kicker & Class B Unit Purchase Warrants | | 838,117 | — |
| | | | 12,626,565 | 15,259,428 | 11,143,000 |
| Water Pik, Inc. (6%)* | Oral Health and Shower Head Supplier | Second Lien Term Loan (9.8% Cash, Due 01/21) | 33,288,781 | 32,836,296 | 32,836,296 |
| | | | 33,288,781 | 32,836,296 | 32,836,296 |
| Wheel Pros Holdings, Inc. (3%)* | Wheel/Rim and Performance Tire Distributor | Subordinated Note (11% Cash, Due 06/20) | 13,822,500 | 13,556,636 | 13,556,636 |
| | | Class A Units (2,000 units) | | 2,000,000 | 2,148,000 |
| | | | 13,822,500 | 15,556,636 | 15,704,636 |
| Women's Marketing, Inc. (3%)* | Full-Service Media Organization | Subordinated Note (11% Cash, 1.5% PIK, Due 06/21) | 16,309,508 | 15,983,508 | 15,983,508 |
| | | Class A Common Units (16,300 units) | | 1,630,000 | 1,630,000 |
| | | | 16,309,508 | 17,613,508 | 17,613,508 |
| WSO Holdings, LP (0%)* | Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer | Common Points (3,000 points) | | 3,000,000 | 1,975,000 |
| | | | | 3,000,000 | 1,975,000 |
| YummyEarth Inc. (4%)* | Organic Candy Manufacturer | Senior Note (9% Cash, Due 08/20) | 19,500,000 | 18,972,078 | 18,972,078 |
| | | Limited Partner Interest | | 3,496,500 | 2,202,000 |
| | | | 19,500,000 | 22,468,578 | 21,174,078 |
| **Subtotal Non–Control / Non–Affiliate Investments** | | | **741,520,527** | **795,244,907** | **774,238,518** |
| ***Affiliate Investments:*** | | | | | |
| All Aboard America! Holdings Inc. (4%)* | Motor Coach Operator | Subordinated Note (12% Cash, 3% PIK, Due 12/17) | 15,084,735 | 14,953,191 | 14,953,191 |
| | | Membership Units in LLC | | 2,300,782 | 5,024,000 |
| | | | 15,084,735 | 17,253,973 | 19,977,191 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC (2%)* | Lighting Wholesale and Distribution | Subordinated Note (12% Cash, 2% PIK, Due 06/17) | 7,229,980 | 7,186,235 | 7,186,235 |
| | | Membership Units (8,364 units) | | 620,653 | 3,872,000 |
| | | | 7,229,980 | 7,806,888 | 11,058,235 |
| CIS Secure Computing Inc. (2%)* | Secure Communications and Computing Solutions Provider | Subordinated Note (12% Cash, 3% PIK, Due 06/17) | 11,339,706 | 11,323,440 | 11,323,440 |
| | | Common Stock (84 shares) | | 502,320 | 199,000 |
| | | | 11,339,706 | 11,825,760 | 11,522,440 |
| Consolidated Lumber Company LLC (3%)* | Lumber Yard Operator | Senior Note (10% Cash, 2% PIK, Due 09/20) | 14,611,092 | 14,332,445 | 14,332,445 |
| | | Class A Units (15,000 units) | | 1,500,000 | 1,500,000 |
| | | | 14,611,092 | 15,832,445 | 15,832,445 |
| DPII Holdings, LLC (1%)* | Satellite Communication Business | Senior Note (12% Cash, 4% PIK, Due 07/17) | 3,595,727 | 3,558,804 | 3,558,804 |
| | | Class A Membership Interest (17,308 units) | | 1,107,692 | 795,000 |
| | | | 3,595,727 | 4,666,496 | 4,353,804 |
| Dyson Corporation (0%)* | Custom Forging and Fastener Supplies | Common Units (1,000,000 units) | | 1,000,000 | 416,000 |
| | | | | 1,000,000 | 416,000 |
| Frank Entertainment Group, LLC (3%)* | Movie Theatre and Family Entertainment Operator | Senior Note (10% Cash, 5.8% PIK, Due 06/18) | 9,683,049 | 9,592,545 | 9,592,545 |
| | | 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 (25,846 units) | | 600,000 | 600,000 |
| | | Class A Common Units (43,077 units) | | 1,000,000 | — |
| | | Class A Common Warrants | | 632,000 | — |
| | | | 9,683,049 | 16,192,545 | 16,420,259 |

# TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments — (Continued)
## December 31, 2015

| Portfolio Company | Industry | Type of Investment(1)(2)(7) | Principal Amount | Cost | Fair Value(3) |
|---|---|---|---|---|---|
| GenPref LLC (0%)* | Lab Testing Services | 7.0% LLC Interest | | $ 23,162 | $ 16,400 |
| | | | | 23,162 | 16,400 |
| Main Street Gourmet, LLC (1%)* | Baked Goods Provider | Preferred Units (233 units) | | 211,867 | 367,000 |
| | | Common B Units (3,000 units) | | 23,140 | 1,807,000 |
| | | Common A Units (1,652 units) | | 14,993 | 995,000 |
| | | | | 250,000 | 3,169,000 |
| NB Products, Inc. (7%)* | Distributor of Work Apparel and Accessories | Subordinated Note (12% Cash, 2% PIK, Due 02/20) | $ 20,722,083 | 20,327,140 | 20,327,140 |
| | | Jr. Subordinated Note (10% PIK, Due 02/20) | 4,263,250 | 4,126,030 | 4,126,030 |
| | | Series A Redeemable Senior Preferred Stock (7,839 shares) | | 7,621,648 | 8,525,000 |
| | | Common Stock (1,668,691 shares) | | 333,738 | 3,997,000 |
| | | | 24,985,333 | 32,408,556 | 36,975,170 |
| PCX Aerostructures, LLC (4%)* | Aerospace Component Manufacturer | Subordinated Note (11% Cash, 4% PIK, Due 10/19) | 20,075,580 | 19,799,092 | 18,612,000 |
| | | Series A Preferred Stock (5,344 shares) | | 5,343,953 | 1,191,000 |
| | | Class A Common Stock (107,416 shares) | | 26,854 | — |
| | | | 20,075,580 | 25,169,899 | 19,803,000 |
| Team Waste, LLC (1%)* | Environmental and Facilities Services | Preferred Units (28 units) | | 5,500,000 | 5,500,000 |
| | | | | 5,500,000 | 5,500,000 |
| Technology Crops, LLC (2%)* | Supply Chain Management Services | Subordinated Notes (12% Cash, 5% PIK, Due 03/17) | 11,252,123 | 11,252,123 | 11,252,123 |
| | | Common Units (50 units) | | 500,000 | 400,000 |
| | | | 11,252,123 | 11,752,123 | 11,652,123 |
| TGaS Advisors, LLC (2%)* | Advisory Solutions to Pharmaceutical Companies | Senior Note (10% Cash, 1% PIK, Due 11/19) | 9,823,862 | 9,633,898 | 9,633,898 |
| | | Preferred Units (1,685,357 units) | | 1,685,357 | 1,427,000 |
| | | | 9,823,862 | 11,319,255 | 11,060,898 |
| UCS Super HoldCo LLC (0%)* | Squid and Wetfish Processor and Distributor | Membership Units (1,000 units) | | 1,000,000 | 300,000 |
| | | Participation Interest | | 2,000,000 | — |
| | | | | 3,000,000 | 300,000 |
| United Retirement Plan Consultants, Inc. (0%)* | Retirement Plan Administrator | Preferred A Shares (90,000 shares) | | 900,000 | 446,000 |
| | | Common Shares (10,000 shares) | | 100,000 | — |
| | | | | 1,000,000 | 446,000 |
| 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 | 743,000 |
| | | Common Unit Purchase Warrant (1,170,083 units) | | 748,900 | — |
| | | Common Units (153,219 units) | | 180,783 | — |
| | | | | 6,485,001 | 743,000 |
| Wythe Will Tzetzo, LLC (2%)* | Confectionery Goods Distributor | Series A Preferred Units (99,829 units) | | — | 8,336,000 |
| | | | | — | 8,336,000 |
| **Subtotal Affiliate Investments** | | | **127,681,187** | **171,486,103** | **177,581,965** |
| ***Control Investments:*** | | | | | |
| CRS Reprocessing, LLC (3%)* | Fluid Reprocessing Services | Senior Notes (3.9% Cash, Due 05/16) | 2,942,769 | 2,942,769 | 2,942,769 |
| | | Split Collateral Term Loans (10.5% Cash, Due 06/16) | 6,192,464 | 6,192,464 | 6,192,464 |
| | | Series F Preferred Units (705,321 units) | | 9,134,807 | 5,221,000 |
| | | Common Units (15,174 units) | | — | — |
| | | | 9,135,233 | 18,270,040 | 14,356,233 |

## TRIANGLE CAPITAL CORPORATION
## Consolidated Schedule of Investments — (Continued)
## December 31, 2015

| Portfolio Company | Industry | Type of Investment[1][2][7] | Principal Amount | Cost | Fair Value[3] |
|---|---|---|---|---|---|
| DCWV Acquisition Corporation (1%)* | Arts & Crafts and Home Decor Products Designer and Supplier | Senior Subordinated Note (15% PIK, Due 09/17)[6] | $ 250,833 | $ 250,000 | $ 250,000 |
| | | Subordinated Note (12% Cash, 3% PIK, Due 09/17)[6] | 6,945,991 | 6,178,633 | 3,117,000 |
| | | Jr. Subordinated Note (15% PIK, Due 09/17)[6] | 2,097,611 | 2,000,000 | — |
| | | Series A Preferred Equity (1,200 shares) | | 1,200,000 | — |
| | | 100% Common Shares | | — | — |
| | | | 9,294,435 | 9,628,633 | 3,367,000 |
| Gerli & Company (0%)* | Specialty Woven Fabrics Manufacturer | Subordinated Note (13% Cash, Due 12/15)[6] | 569,452 | 375,000 | 375,000 |
| | | Subordinated Note (8.5% Cash, Due 12/15)[6] | 4,499,250 | 3,000,000 | 437,000 |
| | | 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 | — |
| | | | 5,068,702 | 4,491,440 | 812,000 |
| SRC Worldwide, Inc. (1%)* | Specialty Chemical Manufacturer | Common Stock (5,000 shares) | | 8,228,000 | 6,921,000 |
| | | | | 8,228,000 | 6,921,000 |
| **Subtotal Control Investments** | | | **23,498,370** | **40,618,113** | **25,456,233** |
| **Total Investments, December 31, 2015 (192%)*** | | | **$ 892,700,084** | **$ 1,007,349,123** | **$ 977,276,716** |

* 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, as amended. Non-qualifying assets represent 2.1% of total investments at fair value as of December 31, 2015. 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 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 accompanying notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015. 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.

## 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 |
|---|---|---|---|---|
| **September 30, 2016:** | | | | |
| Subordinated debt and 2nd lien notes | $ 714,970,938 | 72% | $ 669,654,799 | 71% |
| Senior debt and 1st lien notes | 133,758,330 | 14 | 126,988,510 | 13 |
| Equity shares | 134,446,226 | 14 | 148,790,666 | 16 |
| Equity warrants | 4,154,717 | — | 2,298,000 | — |
| Royalty rights | — | — | — | — |
| | $ 987,330,211 | 100% | $ 947,731,975 | 100% |
| **December 31, 2015:** | | | | |
| Subordinated debt and 2nd lien notes | $ 739,416,002 | 73% | $ 699,125,083 | 72% |
| Senior debt and 1st lien notes | 134,489,956 | 13 | 132,929,264 | 14 |
| Equity shares | 127,464,548 | 13 | 141,555,369 | 14 |
| Equity warrants | 5,978,617 | 1 | 3,667,000 | — |
| Royalty rights | — | — | — | — |
| | $ 1,007,349,123 | 100% | $ 977,276,716 | 100% |

During the three months ended September 30, 2016, the Company made three new investments totaling approximately $83.9 million and investments in nine existing portfolio companies totaling approximately $4.5 million. During the nine months ended September 30, 2016, the Company made six new investments totaling approximately $130.2 million and investments in seventeen existing portfolio companies totaling approximately $33.7 million.

During the three months ended September 30, 2015, the Company made eleven new investments totaling approximately $157.9 million and investments in nine existing portfolio companies totaling approximately $31.3 million. During the nine months ended September 30, 2015, the Company made eighteen new investments totaling approximately $289.2 million and investments in fifteen existing portfolio companies totaling approximately $63.3 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. 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, 2015 | 16 | 28% |
| June 30, 2015 | 15 | 26% |
| September 30, 2015 | 22 | 34% |
| December 31, 2015 | 17 | 28% |
| March 31, 2016 | 18 | 27% |
| June 30, 2016 | 19 | 30% |
| September 30, 2016 | 19 | 33% |

(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 changes in one or more of the inputs. Assuming all other inputs to the Enterprise Value Waterfall model remain constant, any 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 changes in one or more of the inputs. Assuming all other inputs to the Income Approach model remain constant, any increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security would result in a lower (higher) fair value for that security. Assuming all other inputs to the Income Approach model remain constant, any increase (decrease) in the Adjusted EBITDA input for a particular debt security would 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 September 30, 2016 and December 31, 2015 are summarized as follows:

| September 30, 2016: | Fair Value(1) | Valuation Model | Level 3 Inputs | Range of Inputs | Weighted Average |
|---|---|---|---|---|---|
| Subordinated debt and 2nd lien notes | $ 645,260,277 | Income Approach | Required Rate of Return | 8.25% – 32.5% | 13.9% |
| | | | Leverage Ratio | 1.5x – 8.3x | 4.7x |
| | | | Adjusted EBITDA | $1.6 million – $76.6 million | $23.1 million |
| Subordinated debt and 2nd lien notes | 20,764,000 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 5.0x – 7.6x | 6.3x |
| | | | Adjusted EBITDA | $2.0 million – $10.0 million | $5.7 million |
| Senior debt and 1 st lien notes | 126,988,510 | Income Approach | Required Rate of Return | 4.0% – 20.0% | 12.5% |
| | | | Leverage Ratio | 0.0x – 8.0x | 3.2x |
| | | | Adjusted EBITDA | $4.0 million – $10.6 million | $7.2 million |
| Equity shares and warrants | 146,912,666 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 3.3x – 14.9x | 7.3x |
| | | | Adjusted EBITDA | $(0.4) million – $76.6 million | $14.4 million |
| | | | Revenue Multiple | 4.0x – 4.0x | 4.0x |
| | | | Revenues | $84.8 million – $84.8 million | $84.8 million |

(1) Certain investments with a total fair value of $7,806,522 were repaid or redeemed subsequent to the end of the reporting period and were valued at their transaction price.

| December 31, 2015: | Fair Value(1) | Valuation Model | Level 3 Input | Range of Inputs | Weighted Average |
|---|---|---|---|---|---|
| Subordinated debt and 2nd lien notes | $ 638,529,995 | Income Approach | Required Rate of Return | 9.5% – 25.0% | 13.5% |
| | | | Leverage Ratio | 1.5x – 7.2x | 4.3x |
| | | | Adjusted EBITDA | $1.6 million – $72.6 million | $20.7 million |
| Subordinated debt and 2nd lien notes | 15,794,000 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 3.0x – 5.5x | 4.6x |
| | | | Adjusted EBITDA | $0.9 million – $2.2 million | $1.7 million |
| Senior debt and 1st lien notes | 132,929,264 | Income Approach | Required Rate of Return | 3.8% – 16.0% | 11.2% |
| | | | Leverage Ratio | 0.0x – 7.2x | 3.4x |
| | | | Adjusted EBITDA | $2.6 million – $10.1 million | $6.8 million |
| Equity shares and warrants | 142,809,369 | Enterprise Value Waterfall Approach | Adjusted EBITDA Multiple | 3.0x – 14.9x | 7.1x |
| | | | Adjusted EBITDA | $0.9 million – $72.6 million | $12.8 million |
| | | | Revenue Multiple | 4.0x – 4.0x | 4.0x |
| | | | Revenues | $83.2 million – $83.2 million | $83.2 million |

(1) Certain investments with a total fair value of $47,214,088 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 September 30, 2016 and December 31, 2015, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

| | Fair Value as of September 30, 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Subordinated debt and 2nd lien notes | $ — | $ — | $ 669,654,799 | $ 669,654,799 |
| Senior debt and 1st lien notes | — | — | 126,988,510 | 126,988,510 |
| Equity shares | — | — | 148,790,666 | 148,790,666 |
| Equity warrants | — | — | 2,298,000 | 2,298,000 |
| Royalty rights | — | — | — | — |
| | $ — | $ — | $ 947,731,975 | $ 947,731,975 |

| | Fair Value as of December 31, 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Subordinated debt and 2nd lien notes | $ — | $ — | $ 699,125,083 | $ 699,125,083 |
| Senior debt and 1st lien notes | — | — | 132,929,264 | 132,929,264 |
| Equity shares | — | — | 141,555,369 | 141,555,369 |
| Equity warrants | — | — | 3,667,000 | 3,667,000 |
| Royalty rights | — | — | — | — |
| | $ — | $ — | $ 977,276,716 | $ 977,276,716 |

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 nine months ended September 30, 2016 and 2015:

| Nine Months Ended September 30, 2016: | Subordinated Debt and 2nd Lien Notes | Senior Debt and 1st Lien Notes | Equity Shares | Equity Warrants | Royalty Rights | Total |
|---|---|---|---|---|---|---|
| Fair value, beginning of period | $ 699,125,083 | $ 132,929,264 | $ 141,555,369 | $ 3,667,000 | $ — | $ 977,276,716 |
| New investments | 145,487,825 | 3,000,000 | 14,729,826 | 650,000 | — | 163,867,651 |
| Reclassifications | 4,020,247 | (4,020,247) | — | — | — | — |
| Proceeds from sales of investments | — | — | (14,838,506) | (5,627,106) | — | (20,465,612) |
| Loan origination fees received | (3,165,460) | (40,000) | — | — | — | (3,205,460) |
| Principal repayments received | (157,151,997) | (4,536,285) | — | — | — | (161,688,282) |
| PIK interest earned | 10,548,903 | 1,083,855 | — | — | — | 11,632,758 |
| PIK interest payments received | (7,219,058) | (236,150) | — | — | — | (7,455,208) |
| Accretion of loan discounts | 156,879 | 150,202 | — | — | — | 307,081 |
| Accretion of deferred loan origination revenue | 3,289,162 | 386,841 | — | — | — | 3,676,003 |
| Realized gain (loss) | (15,371,087) | (1,560,322) | 7,090,358 | 3,153,206 | — | (6,687,845) |
| Unrealized gain (loss) | (10,065,698) | (168,648) | 253,619 | 454,900 | — | (9,525,827) |
| Fair value, end of period | $ 669,654,799 | $ 126,988,510 | $ 148,790,666 | $ 2,298,000 | $ — | $ 947,731,975 |

| Nine Months Ended September 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 | 267,008,061 | 48,946,253 | 35,238,714 | 1,252,000 | — | 352,445,028 |
| Reclassifications | (8,707,740) | — | 8,707,740 | — | — | — |
| Proceeds from sales of investments | — | — | (7,188,653) | (7,376,089) | — | (14,564,742) |
| Loan origination fees received | (4,751,331) | (990,000) | — | — | — | (5,741,331) |
| Principal repayments received | (210,917,936) | (35,519,921) | — | — | — | (246,437,857) |
| PIK interest earned | 10,197,528 | 1,325,277 | — | — | — | 11,522,805 |
| PIK interest payments received | (8,232,467) | (1,206,033) | — | — | — | (9,438,500) |
| Accretion of loan discounts | 326,913 | 35,511 | — | — | — | 362,424 |
| Accretion of deferred loan origination revenue | 4,157,776 | 740,058 | — | — | — | 4,897,834 |
| Realized gain (loss) | (28,793,224) | 804,802 | (5,198,522) | 2,889,237 | — | (30,297,707) |
| Unrealized gain (loss) | 10,250,693 | (102,294) | 9,370,723 | (1,391,148) | — | 18,127,974 |
| Fair value, end of period | $ 690,915,297 | $ 129,285,900 | $ 144,062,853 | $ 3,835,000 | $ — | $ 968,099,050 |

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 $11.1 million and $17.2 million during the three and nine months ended September 30, 2016, respectively, were related to portfolio company investments that were still held by the Company as of September 30, 2016. Pre-tax net unrealized gains (losses) on investments of $1.0 million and $(3.4) million during the three and nine months ended September 30, 2015, respectively, were related to portfolio company investments that were still held by the Company as of September 30, 2015.

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 nine months ended September 30, 2016, the Company made investments of approximately $157.0 million in portfolio companies to which it was not previously contractually committed to provide such financing. During the nine months ended September 30, 2016, the Company made investments of $6.9 million in companies to which it was previously committed to provide such financing. During the nine months ended September 30, 2015, the Company made investments of approximately $348.3 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the nine months ended September 30, 2015, the Company made investments of $4.1 million in companies to which it was previously committed to provide such financing. 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 at least 5.0%, but no more than 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. The Company had negative dividend income of $24,208 during the nine months ended September 30, 2016, consisting of dividend income of approximately $1.3 million and a negative true-up adjustment of approximately $1.3 million related to a portfolio company distribution that was received in 2015. In 2015, the Company received information that indicated that the tax character of the distribution was 100% dividend income, but received updated information in the first quarter of 2016 indicating that only 14% of the distribution was dividend income and the remainder was a return of capital, which necessitated the adjustment.

***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, structuring fees and loan waiver and amendment fees, and are recorded as investment income when earned.

Fee income for the three and nine months ended September 30, 2016 and 2015 was as follows:

| | Three Months Ended September 30, 2016 | Three Months Ended September 30, 2015 | Nine Months Ended September 30, 2016 | Nine Months Ended September 30, 2015 |
|---|---|---|---|---|
| **Recurring Fee Income:** | | | | |
| Amortization of loan origination fees | $ 498,733 | $ 507,043 | $ 1,584,691 | $ 1,515,811 |
| Management, valuation and other fees | 298,033 | 233,044 | 716,328 | 619,930 |
| Total Recurring Fee Income | 796,766 | 740,087 | 2,301,019 | 2,135,741 |
| **Non-Recurring Fee Income:** | | | | |
| Prepayment fees | 374,778 | 1,423,218 | 1,863,135 | 3,313,201 |
| Acceleration of unamortized loan origination fees | 626,648 | 1,188,124 | 2,091,313 | 3,382,023 |
| Advisory and structuring fees | 200,000 | 287,500 | 200,000 | 828,162 |
| Loan amendment fees | — | 37,895 | 17,770 | 223,923 |
| Other fees | 16,500 | 68,946 | 354,699 | 132,211 |
| Total Non-Recurring Fee Income | 1,217,926 | 3,005,683 | 4,526,917 | 7,879,520 |
| **Total Fee Income** | **$ 2,014,692** | **$ 3,745,770** | **$ 6,827,936** | **$ 10,015,261** |

***Payment-in-Kind Interest***

The Company currently holds, and expects to hold in the future, some loans in its portfolio that contain PIK interest provisions. 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 September 30, 2016 and December 31, 2015, there were no individual investments representing greater than 10% of the fair value of the Company's portfolio. As of September 30, 2016 and December 31, 2015, the Company's largest single portfolio company investment represented approximately 5.0% and 4.0%, respectively, 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 September 30, 2016, $746.2 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 $381.5 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 September 30, 2016, the Company held investments in two portfolio companies that were denominated in Canadian dollars and as of December 31, 2015, 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 Unaudited 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 September 30, 2016 and December 31, 2015 was approximately $991.8 million and $1,010.6 million, respectively.

## 4. BORROWINGS

The Company had the following borrowings outstanding as of September 30, 2016 and December 31, 2015:

| Issuance/Pooling Date | Maturity Date | Interest Rate as of September 30, 2016 | September 30, 2016 | December 31, 2015 |
|---|---|---|---|---|
| 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 21, 2016 | September 1, 2026 | 2.723% | 32,800,000 | — |
| September 14, 2010 (LMI Debenture) | March 1, 2016 | N/A | — | 7,768,101 |
| Less: Deferred financing fees | | | (4,837,131) | (4,319,312) |
| Total SBA-Guaranteed Debentures | | | $ 245,162,869 | $ 220,648,789 |
| Credit Facility: | | | | |
| May 4, 2015 | May 3, 2020 | 3.367% | $ 91,427,900 | $ 131,256,669 |
| Total Credit Facility | | | $ 91,427,900 | $ 131,256,669 |
| Notes: | | | | |
| 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 | 86,250,000 |
| Less: Deferred financing fees | | | (4,151,497) | (4,607,522) |
| Total Notes | | | $ 162,598,503 | $ 162,142,478 |

***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, which was repaid on March 1, 2016, was 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 of 1958 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 September 30, 2016, 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 $350.0 million. As of September 30, 2016, Triangle SBIC had issued the maximum $150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued $100.0 million of SBA-guaranteed debentures. The weighted average interest rates for all SBA-guaranteed debentures as of September 30, 2016 and December 31, 2015 were 3.90% and 4.02%, respectively. In the nine months ended September 30, 2016, the Company repaid its $7.8 million SBA-guaranteed LMI debenture, which matured on March 1, 2016. As of both September 30, 2016 and December 31, 2015, 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 Unaudited 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 September 30, 2016 and December 31, 2015, the carrying amounts of the SBA-guaranteed debentures was approximately $245.2 million and $220.6 million, respectively. As of September 30, 2016 and December 31, 2015, the fair values of the SBA-guaranteed debentures were $263.1 million and $230.2 million, respectively.

***Credit Facility***

In May 2015, the Company entered into the Credit Facility. The Credit Facility, which has a current commitment of $300.0 million supported by 13 financial institutions, replaced the Company's $165.0 million senior secured credit facility entered into in June 2013 (the "Prior Facility"). The revolving period of the Credit Facility ends May 3, 2019 followed by a one-year amortization period with a final maturity date of May 3, 2020. The Company has the ability to borrow foreign currencies 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 1.50% if the Company receives an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or 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 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 Credit 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 Credit Facility is greater than 25.0% of total commitments. These commitment fees are included in interest and other financing fees on the Company's Unaudited Consolidated Statements of Operations. Borrowings under the Credit Facility are limited to a borrowing base, which includes certain cash and a portion of eligible debt investments.

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 under the Prior Facility, which was included with interest and other financing fees on the Company's Unaudited 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 September 30, 2016, the Company had United States dollar borrowings of $69.7 million outstanding under the Credit Facility with an interest rate of 3.28% and non-United States dollar borrowings denominated in Canadian dollars of $28.6 million ($21.7 million in United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 3.65%. 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, 2015, the Company had United States dollar borrowings of $119.0 million outstanding under the Credit Facility with an interest rate of 3.00% and non-United States dollar borrowings denominated in Canadian dollars of $17.0 million ($12.3 million United States dollars) outstanding under the Credit Facility with an interest rate of 3.59%.

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 September 30, 2016 and December 31, 2015, the fair values of the borrowings outstanding under the Credit Facility were $91.4 million and $131.3 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 a minimum consolidated tangible net worth, (iii) maintaining a minimum asset coverage ratio and (iv) maintaining the Company's status as a RIC 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 Branch Banking and Trust Company, 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 September 30, 2016 and December 31, 2015, the Company was in compliance with all covenants of the Credit Facility.

***Notes***

In March 2012, the Company issued $69.0 million of unsecured notes due 2019 (the “2019 Notes”). The 2019 Notes 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.

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 September 30, 2016 and December 31, 2015, the carrying amount of the December 2022 Notes was $78.6 million and $78.4 million, respectively. As of September 30, 2016 and December 31, 2015, the fair value of the December 2022 Notes was $83.2 million and $80.2 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 September 30, 2016 and December 31, 2015, the carrying amount of the March 2022 Notes was $84.0 million and $83.7 million, respectively. As of September 30, 2016 and December 31, 2015, the fair value of the March 2022 Notes was $89.7 million and $88.0 million, respectively. 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 requirement 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. As of September 30, 2016 and December 31, 2015, the Company was in compliance with all covenants of the December 2022 Notes and the March 2022 Notes.

## 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 of Directors (or compensation committee, if delegated administrative authority by the Board of Directors) 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 nine months ended September 30, 2016 and 2015:

| | Nine Months Ended September 30, 2016 | | Nine Months Ended September 30, 2015 | |
|---|---|---|---|---|
| | 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 | 778,116 | $24.10 | 662,965 | $25.87 |
| Shares granted during the period | 364,605 | $17.56 | 360,840 | $21.82 |
| Shares vested during the period | (417,815) | $23.28 | (245,689) | $24.31 |
| Unvested shares, end of period | 724,906 | $21.29 | 778,116 | $24.10 |

In the three months ended September 30, 2016, the Company recognized equity-based compensation expense of approximately $1.6 million. In the nine months ended September 30, 2016, the Company recognized equity-based compensation expense of approximately $7.5 million, $2.7 million of which related to the accelerated vesting of outstanding shares of restricted stock of the Company's former Chief Executive Officer, Garland S. Tucker III, who retired from his officer positions in February 2016. In the three and nine months ended September 30, 2015, the Company recognized equity-based compensation expense of approximately $1.8 million and $5.2 million, respectively. This expense is included in compensation expenses in the Company's Unaudited Consolidated Statements of Operations.

As of September 30, 2016, there was approximately $11.5 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 1.9 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 generally 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

During both the three months ended September 30, 2016 and 2015, the Company received management fees from SRC Worldwide, Inc., a 100%-owned portfolio company, of $100,000. During both the nine months ended September 30, 2016 and 2015, the Company received management fees from SRC Worldwide, Inc. of $300,000. These fees were recognized as fee income in the Company's Unaudited Consolidated Statements of Operations. In addition, during the nine months ended September 30, 2016, the Company recognized $300,000 as dividend income from SRC Worldwide, Inc.

## 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 financing 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 balances of unused commitments to extend financing as of September 30, 2016 and December 31, 2015 were as follows:

| Portfolio Company | Investment Type | September 30, 2016 | December 31, 2015 |
|---|---|---|---|
| DLC Acquisition, LLC | Revolver | $ 3,000,000 | $ 3,000,000 |
| Frank Entertainment Group, LLC | Equity Investment | — | 200,000 |
| Halo Branded Solutions, Inc. | Delayed Draw Term Loan | 3,250,000 | — |
| HKW Capital Partners IV, L.P. | Private Equity | 530,032 | 856,874 |
| Nautic Partners VII, LP | Private Equity | 761,959 | 1,113,275 |
| Nomacorc, LLC | Equity Investment | 849,362 | 732,788 |
| Orchid Underwriters Agency, LLC | Delayed Draw Term Loan | 8,400,000 | 8,400,000 |
| Orchid Underwriters Agency, LLC | Revolver | 5,000,000 | 5,000,000 |
| Smile Brands, Inc. | Equity Investment | 1,000,000 | — |
| Smile Brands, Inc. | Delayed Draw Term Loan | 18,826,531 | — |
| SPC Partners V, LP | Private Equity | 731,728 | 1,213,477 |
| SPC Partners VI, LP | Private Equity | 3,000,000 | — |
| Team Waste, LLC | Equity Investment | 1,900,000 | 4,500,000 |
| TGaS Advisors, LLC | Revolver | 2,000,000 | 2,000,000 |
| YummyEarth Inc. | Delayed Draw Term Loan | 2,500,000 | — |
| YummyEarth Inc. | Revolver | — | 4,000,000 |
| Total unused commitments to extend financing | | $ 51,749,612 | $ 31,016,414 |

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 nine months ended September 30, 2016 and 2015:

| | Nine Months Ended September 30, 2016 | 2015 |
|---|---|---|
| Per share data: | | |
| Net asset value at beginning of period | $ 15.23 | $ 16.11 |
| Net investment income(1) | 1.19 | 1.58 |
| Net realized loss on investments(1) | (0.19) | (0.91) |
| Net unrealized appreciation (depreciation) on investments / foreign currency(1) | (0.23) | 0.52 |
| Total increase from investment operations(1) | 0.77 | 1.19 |
| Dividends paid to stockholders from net investment income | (1.44) | (1.52) |
| Dividends paid to stockholders from realized gains | — | (0.25) |
| Total dividends paid | (1.44) | (1.77) |
| Shares issued pursuant to Dividend Reinvestment Plan | 0.03 | 0.03 |
| Common stock offering | 0.72 | — |
| Stock-based compensation | 0.03 | (0.04) |
| Loss on extinguishment of debt(1) | — | (0.04) |
| Tax benefit(1) | — | 0.01 |
| Other(2) | (0.01) | (0.01) |
| Net asset value at end of period | $ 15.33 | $ 15.48 |
| Market value at end of period(3) | $ 19.70 | $ 16.48 |
| Shares outstanding at end of period | 40,405,403 | 33,321,349 |
| Net assets at end of period | $ 619,355,209 | $ 515,733,677 |
| Average net assets | $ 534,714,702 | $ 526,287,938 |
| Ratio of total expenses, including provision for taxes, to average net assets (annualized) | 10.14% | 9.66 % |
| Ratio of net investment income to average net assets (annualized) | 10.42% | 13.29 % |
| Portfolio turnover ratio | 16.89% | 29.37 % |
| Total return(4) | 10.62% | (10.05)% |
| **Supplemental Data:** | | |
| Efficiency ratio(5) | 25.07% | 18.64 % |

(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 the sum of (i) compensation and related expenses and (ii) general and administrative expenses divided by total investment income.

## 9. SUBSEQUENT EVENTS

In October 2016, the Company invested $23.5 million in debt and equity securities of Fridababy, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 10.0%.

In October 2016, the Company invested $17.0 million in debt and equity securities of Del Real, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 11.0%.

In October 2016, the Company invested $16.3 million in debt and equity securities of TG MIDCO, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 11.25%.

In October 2016, the Company's Board of Directors approved the promotion of Jeffrey A. Dombcik, Cary B. Nordan and Douglas A. Vaughn to the role of Senior Managing Director. In addition, Messrs. Dombcik, Nordan and Vaughn were promoted to the positions of Chief Credit Officer, Chief Origination Officer and Chief Administrative Officer, respectively.

In October 2016, the Company's Board of Directors accepted the resignation of Brent P.W. Burgess as the Company's Chief Investment Officer and as a member of the Company's Board of Directors. In connection with Mr. Burgess's resignations, Mr. Burgess and the Company entered into an agreement (the "Agreement"), pursuant to which he will receive his unpaid salary and accrued but unused vacation leave through October 14, 2016; cash payments totaling $250,000; accelerated vesting of the 93,284 shares of the Company's restricted stock held by him; and certain other benefits. Mr. Burgess also agreed to certain confidentiality, non-compete, non-solicitation and other covenants in the Agreement.

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates**
**Nine Months Ended September 30, 2016**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2015 Value | Gross Additions(2) | Gross Reductions(3) | September 30, 2016 Value |
|---|---|---|---|---|---|---|
| ***Control Investments:*** | | | | | | |
| CRS Reprocessing, LLC | Senior Notes (4.0% Cash) | $ 88,908 | $ 2,942,769 | $ — | $ — | $ 2,942,769 |
| | Split Collateral Term Loans (10.5% Cash) | 675,714 | 6,192,464 | 4,000,000 | 3,316,464 | 6,876,000 |
| | Series F Preferred Units (705,321 units) | — | 5,221,000 | — | 5,221,000 | — |
| | Common Units (15,174 units) | — | — | — | — | — |
| | | 764,622 | 14,356,233 | 4,000,000 | 8,537,464 | 9,818,769 |
| DCWV Acquisition Corporation | Senior Subordinated Note (15% PIK) | — | 250,000 | — | — | 250,000 |
| | Subordinated Note (12% Cash, 3% PIK) | — | 3,117,000 | — | 56,000 | 3,061,000 |
| | Jr. Subordinated Note (15% PIK) | — | — | — | — | — |
| | Series A Preferred Equity (1,200 shares) | — | — | — | — | — |
| | 100% Common Shares | — | — | — | — | — |
| | | — | 3,367,000 | — | 56,000 | 3,311,000 |
| Gerli & Company | Subordinated Note (13% Cash) | — | 375,000 | — | 375,000 | — |
| | Subordinated Note (8.5% Cash) | — | 437,000 | — | 437,000 | — |
| | Class A Preferred Shares (1,211 shares) | — | — | — | — | — |
| | Class C Preferred Shares (744 shares) | — | — | — | — | — |
| | Class E Preferred Shares (400 shares) | — | — | — | — | — |
| | Common Stock (300 shares) | — | — | — | — | — |
| | | — | 812,000 | — | 812,000 | — |
| SRC, Inc. | Common Stock (5,000 shares) | 600,000 | 6,921,000 | 1,307,000 | 200,000 | 8,028,000 |
| | | 600,000 | 6,921,000 | 1,307,000 | 200,000 | 8,028,000 |
| Team Waste, LLC | Preferred Units (41 units) | 10,000 | — | 8,100,000 | — | 8,100,000 |
| | | 10,000 | — | 8,100,000 | — | 8,100,000 |
| **Total Control Investments** | | **1,374,622** | **25,456,233** | **13,407,000** | **9,605,464** | **29,257,769** |
| ***Affiliate Investments:*** | | | | | | |
| All Aboard America! Holdings Inc. | Subordinated Note (12% Cash, 3% PIK) | 1,848,060 | 14,953,191 | 397,507 | — | 15,350,698 |
| | Membership Units in LLC | — | 5,024,000 | — | 54,000 | 4,970,000 |
| | | 1,848,060 | 19,977,191 | 397,507 | 54,000 | 20,320,698 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC | Subordinated Note (12% Cash, 3% PIK) | 539,846 | 7,186,235 | 221,987 | 3,777,700 | 3,630,522 |
| | Membership Units (8,364 units) | — | 3,872,000 | 304,000 | — | 4,176,000 |
| | | 539,846 | 11,058,235 | 525,987 | 3,777,700 | 7,806,522 |
| CIS Secure Computing, Inc. | Subordinated Note (12% Cash, 3% PIK) | 1,312,650 | 11,323,440 | 258,248 | — | 11,581,688 |
| | Common Stock (84 shares) | — | 199,000 | 1,643,000 | — | 1,842,000 |
| | | 1,312,650 | 11,522,440 | 1,901,248 | — | 13,423,688 |
| Consolidated Lumber Company LLC | Subordinated Note (10% Cash, 2% PIK) | 1,300,477 | 14,332,445 | 357,497 | 9,346,320 | 5,343,622 |
| | Class A Units (15,000 units) | 152,503 | 1,500,000 | 671,000 | — | 2,171,000 |
| | | 1,452,980 | 15,832,445 | 1,028,497 | 9,346,320 | 7,514,622 |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates — (Continued)**
**Nine Months Ended September 30, 2016**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2015 Value | Gross Additions(2) | Gross Reductions(3) | September 30, 2016 Value |
|---|---|---|---|---|---|---|
| DPII Holdings, LLC | Tranche I & II Subordinated Note (12% Cash, 4% PIK) | $ 115,147 | $ 3,558,804 | $ 5,708 | $ 967,512 | $ 2,597,000 |
| | Tranche III Subordinated Note (19% PIK) | — | — | 1,615,385 | 1,115,385 | 500,000 |
| | Class A Membership Interest (17,308 units) | — | 795,000 | — | 795,000 | — |
| | | 115,147 | 4,353,804 | 1,621,093 | 2,877,897 | 3,097,000 |
| FCL Holding SPV, LLC | Class A Interests (24,873 units) | — | — | 645,000 | — | 645,000 |
| | Class B Interest (48,427 units) | — | — | 35,000 | — | 35,000 |
| | Class B Interest (3,746 units) | — | — | — | — | — |
| | | — | — | 680,000 | — | 680,000 |
| Frank Entertainment Group, LLC | Senior Note (10% Cash, 5.8% PIK) | 1,192,223 | 9,592,545 | 451,030 | 128,571 | 9,915,004 |
| | Class A Redeemable Preferred Units (10.5% Cash) (196,718 units) | 324,995 | 4,566,904 | — | — | 4,566,904 |
| | Class B Redeemable Preferred Units (18,667 units) | — | 1,660,810 | — | — | 1,660,810 |
| | Class C Redeemable Preferred Units (25,846 units) | — | 600,000 | — | — | 600,000 |
| | Class A Common Units (43,077 units) | — | — | — | — | — |
| | Class A Common Warrants | — | — | — | — | — |
| | | 1,517,218 | 16,420,259 | 451,030 | 128,571 | 16,742,718 |
| GenPref LLC | 7.0% LLC Interest | — | 16,400 | — | — | 16,400 |
| | | — | 16,400 | — | — | 16,400 |
| MS Bakery Holdings, Inc. (F/K/A Main Street Gourmet, LLC) | Preferred Units (233 units) | — | 367,000 | 27,000 | — | 394,000 |
| | Common B Units (3,000 units) | — | 1,807,000 | 193,000 | — | 2,000,000 |
| | Common A Units (1,652 units) | — | 995,000 | 107,000 | — | 1,102,000 |
| | | — | 3,169,000 | 327,000 | — | 3,496,000 |
| NB Products, Inc. | Subordinated Note (12% Cash, 2% PIK) | 2,494,413 | 20,327,140 | 2,326,780 | 38,807 | 22,615,113 |
| | Jr. Subordinated Note (10% PIK) | 344,594 | 4,126,030 | 348,032 | — | 4,474,062 |
| | Jr. Subordinated Bridge Note (20% PIK) | 147,436 | — | 1,910,777 | 35,267 | 1,875,510 |
| | Series A Redeemable Senior Preferred Stock (7,839 shares) | — | 8,525,000 | 656,000 | — | 9,181,000 |
| | Common Stock (1,668,691 shares) | — | 3,997,000 | 4,906,000 | — | 8,903,000 |
| | | 2,986,443 | 36,975,170 | 10,147,589 | 74,074 | 47,048,685 |
| PCX Aerostructures, LLC | Subordinated Note (11% Cash, 4% PIK) | 2,608,787 | 18,612,000 | 4,239,265 | 3,852,265 | 18,999,000 |
| | Series A Preferred Stock (6,066 shares) | — | 1,191,000 | 721,668 | 1,912,668 | — |
| | Series B Preferred Stock (164 shares) | — | — | 164,368 | 164,368 | — |
| | Class A Common Stock (121,922 shares) | — | — | 3,626 | 3,626 | — |
| | | 2,608,787 | 19,803,000 | 5,128,927 | 5,932,927 | 18,999,000 |
| Team Waste, LLC | Preferred Units (36 units) | 16,000 | 5,500,000 | 1,600,000 | 7,100,000 | — |
| | | 16,000 | 5,500,000 | 1,600,000 | 7,100,000 | — |
| Technology Crops, LLC | Subordinated Notes (12% Cash, 5% PIK) | 1,434,324 | 11,252,123 | 435,520 | — | 11,687,643 |
| | Common Units (50 units) | — | 400,000 | — | 400,000 | — |
| | | 1,434,324 | 11,652,123 | 435,520 | 400,000 | 11,687,643 |

**TRIANGLE CAPITAL CORPORATION**
**Unaudited Schedule of Investments in and Advances to Affiliates — (Continued)**
**Nine Months Ended September 30, 2016**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2015 Value | Gross Additions(2) | Gross Reductions(3) | September 30, 2016 Value |
|---|---|---|---|---|---|---|
| TGaS Advisors, LLC | Senior Note (10% Cash, 1% PIK) | $ 883,506 | $ 9,633,898 | $ 138,028 | $ 226,730 | $ 9,545,196 |
| | Preferred Units (1,685,357 units) | 33,000 | 1,427,000 | 266,288 | 129,288 | 1,564,000 |
| | | 916,506 | 11,060,898 | 404,316 | 356,018 | 11,109,196 |
| Tulcan Fund IV, L.P. (F/K/A Dyson Corporation) | Common Units (1,000,000 units) | — | 416,000 | — | 416,000 | — |
| | | — | 416,000 | — | 416,000 | — |
| UCS Super HoldCo LLC | Membership Units (1,000 units) | — | 300,000 | — | 237,000 | 63,000 |
| | Participation Interest | — | — | 2,000,000 | 2,000,000 | — |
| | | — | 300,000 | 2,000,000 | 2,237,000 | 63,000 |
| United Retirement Plan Consultants, Inc. | Series A Preferred Shares (9,400 shares) | — | 446,000 | 241,000 | 454,000 | 233,000 |
| | Common Shares (100,000 shares) | — | — | 446,000 | 310,000 | 136,000 |
| | | — | 446,000 | 687,000 | 764,000 | 369,000 |
| Waste Recyclers Holdings, LLC | Class A Preferred Units (280 units) | — | — | — | — | — |
| | Class B Preferred Units (11,484,867 units) | — | 743,000 | — | 114,000 | 629,000 |
| | Common Unit Purchase Warrant (1,170,083 units) | — | — | — | — | — |
| | Common Units (153,219 units) | — | — | — | — | — |
| | | — | 743,000 | — | 114,000 | 629,000 |
| Wythe Will Tzetzo, LLC | Series A Preferred Units (99,829 units) | 195,997 | 8,336,000 | — | 1,228,000 | 7,108,000 |
| | | 195,997 | 8,336,000 | — | 1,228,000 | 7,108,000 |
| **Total Affiliate Investments** | | **$ 14,943,958** | **$ 177,581,965** | **$ 27,335,714** | **$ 34,806,507** | **$ 170,111,172** |

(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 Schedule of Investments.

**TRIANGLE CAPITAL CORPORATION**
**Schedule of Investments in and Advances to Affiliates**
**Year Ended December 31, 2015**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2014 Value | Gross Additions(2) | Gross Reductions(3) | December 31, 2015 Value |
|---|---|---|---|---|---|---|
| ***Control Investments:*** | | | | | | |
| CRS Reprocessing, LLC | Senior Notes (3.9% Cash) | $ 73,248 | $ — | $ 2,942,769 | $ — | $ 2,942,769 |
| | Split Collateral Term Loans (10.5% Cash) | 237,971 | — | 6,192,464 | — | 6,192,464 |
| | Series F Preferred Units (705,321 units) | — | — | 8,707,740 | 3,486,740 | 5,221,000 |
| | Common Units (15,174 units) | — | — | — | — | — |
| | | 311,219 | — | 17,842,973 | 3,486,740 | 14,356,233 |
| DCWV Acquisition Corporation | Senior Subordinated Note (15% PIK) | — | — | 250,000 | — | 250,000 |
| | Subordinated Note (12% Cash, 3% PIK) | 135,161 | — | 3,958,000 | 841,000 | 3,117,000 |
| | Jr. Subordinated Note (15% PIK) | — | — | 2,000,000 | 2,000,000 | — |
| | Series A Preferred Equity (1,200 shares) | — | — | — | — | — |
| | 100% Common Shares | — | — | — | — | — |
| | | 135,161 | — | 6,208,000 | 2,841,000 | 3,367,000 |
| Gerli & Company | Subordinated Note (13% Cash) | — | 375,000 | — | — | 375,000 |
| | Subordinated Note (8.5% Cash) | — | 543,000 | — | 106,000 | 437,000 |
| | 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 | — | 106,000 | 812,000 |
| PartsNow!, LLC | Subordinated Note (15% PIK) | — | 6,233,000 | — | 6,233,000 | — |
| | Preferred Membership Units (5,650,000 units) | — | — | 1,650,000 | 1,650,000 | — |
| | Common Member Units (1,500,000 units) | — | — | — | — | — |
| | Royalty Rights | — | — | — | — | — |
| | | — | 6,233,000 | 1,650,000 | 7,883,000 | — |
| SRC, Inc. | Common Stock (5,000 shares) | 400,000 | 7,824,000 | — | 903,000 | 6,921,000 |
| | | 400,000 | 7,824,000 | — | 903,000 | 6,921,000 |
| **Total Control Investments** | | **846,380** | **14,975,000** | **25,700,973** | **15,219,740** | **25,456,233** |
| ***Affiliate Investments:*** | | | | | | |
| All Aboard America! Holdings Inc. | Subordinated Note (12% Cash, 3% PIK) | 2,386,375 | 14,442,239 | 510,952 | — | 14,953,191 |
| | Membership Units in LLC | — | 2,207,492 | 2,816,508 | — | 5,024,000 |
| | | 2,386,375 | 16,649,731 | 3,327,460 | — | 19,977,191 |
| American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC | Subordinated Note (12% Cash, 2% PIK) | 1,086,318 | 7,069,614 | 216,258 | 99,637 | 7,186,235 |
| | Membership Units (8,364 units) | — | 936,000 | 2,936,000 | — | 3,872,000 |
| | | 1,086,318 | 8,005,614 | 3,152,258 | 99,637 | 11,058,235 |
| 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**
**Schedule of Investments in and Advances to Affiliates — (Continued)**
**Year Ended December 31, 2015**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2014 Value | Gross Additions(2) | Gross Reductions(3) | December 31, 2015 Value |
|---|---|---|---|---|---|---|
| Asset Point, LLC | Senior Note (11.3% Cash, 4.8% PIK) | $ 1,364,999 | $ 7,990,172 | $ 434,841 | $ 8,425,013 | $ — |
| | Subordinated Note (12% Cash, 2% PIK) | 93,770 | 656,310 | 13,395 | 669,705 | — |
| | Membership Units (1,000,000 units) | — | — | 1,084,714 | 1,084,714 | — |
| | Options to Purchase Membership Units (342,407 units) | — | 204,000 | 296,000 | 500,000 | — |
| | Membership Unit Warrants (356,506 units) | — | — | 99,450 | 99,450 | — |
| | | 1,458,769 | 8,850,482 | 1,928,400 | 10,778,882 | — |
| Captek Softgel International, Inc. | Subordinated Note (9.5% Cash) | 2,040,295 | 16,715,906 | 156,729 | 16,872,635 | — |
| | Class A Units (80,000 units) | — | 1,719,000 | 1,205,260 | 2,924,260 | — |
| | | 2,040,295 | 18,434,906 | 1,361,989 | 19,796,895 | — |
| CIS Secure Computing, Inc. | Subordinated Note (12% Cash, 4% PIK) | 1,870,228 | 10,035,000 | 1,288,440 | — | 11,323,440 |
| | Common Stock (84 shares) | — | 40,000 | 159,000 | — | 199,000 |
| | | 1,870,228 | 10,075,000 | 1,447,440 | — | 11,522,440 |
| Consolidated Lumber Company LLC | Subordinated Note (10% Cash, 2% PIK) | 837,903 | — | 21,682,445 | 7,350,000 | 14,332,445 |
| | Class A Units (15,000 units) | — | — | 1,500,000 | — | 1,500,000 |
| | | 837,903 | — | 23,182,445 | 7,350,000 | 15,832,445 |
| DPII Holdings, LLC | Senior Note (12% Cash, 4% PIK) | 591,910 | 3,394,913 | 163,891 | — | 3,558,804 |
| | Class A Membership Interest (17,308 units) | — | 1,107,692 | — | 312,692 | 795,000 |
| | | 591,910 | 4,502,605 | 163,891 | 312,692 | 4,353,804 |
| Dyson Corporation | Common Units (1,000,000 units) | — | 324,000 | 92,000 | — | 416,000 |
| | | — | 324,000 | 92,000 | — | 416,000 |
| Frank Entertainment Group, LLC | Senior Note (10% Cash, 5.8% PIK) | 1,512,152 | 8,513,033 | 1,122,369 | 42,857 | 9,592,545 |
| | Class A Redeemable Preferred Units (10.5% Cash) (196,718 units) | 483,492 | 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 (25,846 units) | | — | 600,000 | — | 600,000 |
| | Class A Common Units (43,077 units) | — | — | — | — | — |
| | Class A Common Warrants | — | — | — | — | — |
| | | 1,995,644 | 14,455,033 | 2,008,083 | 42,857 | 16,420,259 |
| GenPref LLC | 7.0% LLC Interest | — | 470,000 | 147,840 | 601,440 | 16,400 |
| | | — | 470,000 | 147,840 | 601,440 | 16,400 |
| Halcyon Healthcare, LLC | Subordinated Note (10% Cash) | 1,292,495 | 11,278,779 | 221,221 | 11,500,000 | — |
| | Preferred Interests (2,000,000 interests) | — | 2,000,000 | 259,413 | 2,259,413 | — |
| | | 1,292,495 | 13,278,779 | 480,634 | 13,759,413 | — |

## TRIANGLE CAPITAL CORPORATION
### Schedule of Investments in and Advances to Affiliates — (Continued)
### Year Ended December 31, 2015

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2014 Value | Gross Additions(2) | Gross Reductions(3) | December 31, 2015 Value |
|---|---|---|---|---|---|---|
| Main Street Gourmet, LLC | Jr. Subordinated Note (8% Cash, 2% PIK) | $ 82,261 | $ 754,197 | $ 23,357 | $ 777,554 | $ — |
| | Preferred Units (233 units) | — | 333,000 | 34,000 | — | 367,000 |
| | Common B Units (3,000 units) | — | 1,108,000 | 699,000 | — | 1,807,000 |
| | Common A Units (1,652 units) | — | 610,000 | 385,000 | — | 995,000 |
| | | 82,261 | 2,805,197 | 1,141,357 | 777,554 | 3,169,000 |
| Minco Technology Labs, LLC | 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) | 2,774,835 | — | 20,327,140 | — | 20,327,140 |
| | Jr. Subordinated Note (10% PIK) | 362,550 | — | 4,126,030 | — | 4,126,030 |
| | Series A Redeemable Senior Preferred Stock (7,839 shares) | 156,779 | — | 8,525,000 | — | 8,525,000 |
| | Common Stock (1,668,691 shares) | — | — | 3,997,000 | — | 3,997,000 |
| | | 3,294,164 | — | 36,975,170 | — | 36,975,170 |
| PCX Aerostructures, LLC | Subordinated Note (11% Cash, 4% PIK) | 2,919,187 | 19,087,302 | 711,790 | 1,187,092 | 18,612,000 |
| | Series A Preferred Stock (5,344 shares) | — | 5,343,953 | — | 4,152,953 | 1,191,000 |
| | Class A Common Stock (107,416 shares) | — | 26,854 | — | 26,854 | — |
| | | 2,919,187 | 24,458,109 | 711,790 | 5,366,899 | 19,803,000 |
| 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 | — |
| Team Waste, LLC | Preferred Units (28 units) | 55,000 | — | 5,500,000 | — | 5,500,000 |
| | | 55,000 | — | 5,500,000 | — | 5,500,000 |
| Technology Crops, LLC | Subordinated Notes (12% Cash, 5% PIK) | 1,914,191 | 10,670,076 | 582,047 | — | 11,252,123 |
| | Common Units (50 units) | — | 162,000 | 238,000 | — | 400,000 |
| | | 1,914,191 | 10,832,076 | 820,047 | — | 11,652,123 |
| TGaS Advisors, LLC | Subordinated Note (10% Cash, 1% PIK) | 1,156,709 | 9,742,396 | 140,475 | 248,973 | 9,633,898 |
| | Preferred Units (1,685,357 units) | — | 1,685,357 | — | 258,357 | 1,427,000 |
| | | 1,156,709 | 11,427,753 | 140,475 | 507,330 | 11,060,898 |
| UCS Super HoldCo LLC | Membership Units (1,000 units) | — | 1,000,000 | — | 700,000 | 300,000 |
| | Participation Interest | — | 2,000,000 | — | 2,000,000 | — |
| | | — | 3,000,000 | — | 2,700,000 | 300,000 |
| United Retirement Plan Consultants, Inc. | Preferred A Shares (90,000 shares) | — | — | 1,215,000 | 769,000 | 446,000 |
| | Common Shares (10,000 shares) | — | — | — | — | — |
| | | — | — | 1,215,000 | 769,000 | 446,000 |
| 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**
**Schedule of Investments in and Advances to Affiliates — (Continued)**
**Year Ended December 31, 2015**

| Portfolio Company | Type of Investment | Amount of Interest or Dividends Credited to Income(1) | December 31, 2014 Value | Gross Additions(2) | Gross Reductions(3) | December 31, 2015 Value |
|---|---|---|---|---|---|---|
| Waste Recyclers Holdings, LLC | Class A Preferred Units (280 units) | $ — | $ — | $ — | $ — | $ — |
| | Class B Preferred Units (11,484,867 units) | — | 1,727,000 | — | 984,000 | 743,000 |
| | Common Unit Purchase Warrant (1,170,083 units) | — | — | — | — | — |
| | Common Units (153,219 units) | — | — | — | — | — |
| | | — | 1,727,000 | — | 984,000 | 743,000 |
| Wythe Will Tzetzo, LLC | Series A Preferred Units (99,829 units) | 638,633 | 7,823,000 | 513,000 | — | 8,336,000 |
| | | 638,633 | 7,823,000 | 513,000 | — | 8,336,000 |
| **Total Affiliate Investments** | | **$ 25,964,420** | **$ 178,935,236** | **$ 93,076,204** | **$ 94,429,475** | **$ 177,581,965** |

(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. 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. 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 Consolidated Financial Statements for the year ended December 31, 2015, including the Consolidated Schedule of Investments as of December 31, 2015.

**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 unaudited consolidated financial statements for the three and nine months ended September 30, 2016, 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, 2015. 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, 2015. 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 Securities and Exchange Commission, or 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 September 30, 2016 and December 31, 2015, the weighted average yield on our outstanding debt investments other than non-accrual debt investments was approximately 12.3% and 12.2%, 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 10.5% and 10.6% as of September 30, 2016 and December 31, 2015, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 10.0% and 10.2% as of September 30, 2016 and December 31, 2015, 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 $947.7 million as of September 30, 2016, as compared to $977.3 million as of December 31, 2015. As of September 30, 2016, we had investments in 86 portfolio companies with an aggregate cost of$987.3 million. As of December 31, 2015, we had investments in 92 portfolio companies with an aggregate cost of $1.0 billion. As of bothSeptember 30, 2016 and December 31, 2015, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of September 30, 2016 and December 31, 2015, our investment portfolio consisted of the following investments:

| | Cost | Percentage of Total Portfolio | Fair Value | Percentage of Total Portfolio |
|---|---|---|---|---|
| **September 30, 2016:** | | | | |
| Subordinated debt and 2nd lien notes | $ 714,970,938 | 72% | $ 669,654,799 | 71% |
| Senior debt and 1st lien notes | 133,758,330 | 14 | 126,988,510 | 13 |
| Equity shares | 134,446,226 | 14 | 148,790,666 | 16 |
| Equity warrants | 4,154,717 | — | 2,298,000 | — |
| Royalty rights | — | — | — | — |
| | $ 987,330,211 | 100% | $ 947,731,975 | 100% |
| **December 31, 2015:** | | | | |
| Subordinated debt and 2nd lien notes | $ 739,416,002 | 73% | $ 699,125,083 | 72% |
| Senior debt and 1st lien notes | 134,489,956 | 13 | 132,929,264 | 14 |
| Equity shares | 127,464,548 | 13 | 141,555,369 | 14 |
| Equity warrants | 5,978,617 | 1 | 3,667,000 | — |
| Royalty rights | — | — | — | — |
| | $ 1,007,349,123 | 100% | $ 977,276,716 | 100% |

**Investment Activity**

During the nine months ended September 30, 2016, we made six new investments totaling $130.2 million, debt investments in ten existing portfolio companies totaling $27.8 million and equity investments in nine existing portfolio companies totaling $5.9 million. We had ten portfolio company loans repaid at par totaling $137.4 million resulting in realized gains totaling $0.7 million and received normal principal repayments and partial loan prepayments totaling $24.0 million in the nine months ended September 30, 2016. We converted subordinated debt investments in one portfolio company into an equity investment and recognized a realized loss on such conversion totaling $1.6 million. We wrote off an equity investment in one portfolio company and recognized a realized loss on the write-off of $2.0 million and wrote off a debt investment in one portfolio company and recognized a realized loss on the write-off of $16.1 million. In addition, we received proceeds related to the sales of certain equity securities totaling $20.8 million and recognized net realized gains on such sales totaling $12.2 million in the nine months ended September 30, 2016.

During the nine months ended September 30, 2015, we made eighteen new investments totaling $289.2 million, debt investments in eight existing portfolio companies totaling $56.3 million and equity investments in ten existing portfolio companies totaling $7.0 million. We had seventeen portfolio company loans repaid totaling $236.9 million resulting in realized gains totaling $2.0 million and received normal principal repayments and partial loan prepayments totaling $9.5 million in the nine months ended September 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. We wrote-off debt and equity investments in two portfolio companies and recognized realized losses on the write-offs of $18.8 million. In addition, we received proceeds related to the sales of certain equity securities totaling $14.6 million and recognized net realized gains on such sales totaling $7.0 million in the nine months ended September 30, 2015.

Total portfolio investment activity for the nine months ended September 30, 2016 and 2015 was as follows:

| **Nine Months Ended September 30, 2016:** | **Subordinated Debt and 2nd Lien Notes** | **Senior Debt and 1st Lien Notes** | **Equity Shares** | **Equity Warrants** | **Royalty Rights** | **Total** |
|---|---|---|---|---|---|---|
| Fair value, beginning of period | $ 699,125,083 | $ 132,929,264 | $ 141,555,369 | $ 3,667,000 | $ — | $ 977,276,716 |
| New investments | 145,487,825 | 3,000,000 | 14,729,826 | 650,000 | — | 163,867,651 |
| Reclassifications | 4,020,247 | (4,020,247) | — | — | — | — |
| Proceeds from sales of investments | — | — | (14,838,506) | (5,627,106) | — | (20,465,612) |
| Loan origination fees received | (3,165,460) | (40,000) | — | — | — | (3,205,460) |
| Principal repayments received | (157,151,997) | (4,536,285) | — | — | — | (161,688,282) |
| PIK interest earned | 10,548,903 | 1,083,855 | — | — | — | 11,632,758 |
| PIK interest payments received | (7,219,058) | (236,150) | — | — | — | (7,455,208) |
| Accretion of loan discounts | 156,879 | 150,202 | — | — | — | 307,081 |
| Accretion of deferred loan origination revenue | 3,289,162 | 386,841 | — | — | — | 3,676,003 |
| Realized gain (loss) | (15,371,087) | (1,560,322) | 7,090,358 | 3,153,206 | — | (6,687,845) |
| Unrealized gain (loss) | (10,065,698) | (168,648) | 253,619 | 454,900 | — | (9,525,827) |
| Fair value, end of period | $ 669,654,799 | $ 126,988,510 | $ 148,790,666 | $ 2,298,000 | $ — | $ 947,731,975 |
| Weighted average yield on debt investments at end of period(1) | | | | | | 12.3% |
| Weighted average yield on total investments at end of period(1) | | | | | | 10.5% |
| Weighted average yield on total investments at end of period | | | | | | 10.0% |

(1) Excludes non-accrual debt investments

| Nine Months Ended September 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 | 267,008,061 | 48,946,253 | 35,238,714 | 1,252,000 | — | 352,445,028 |
| Reclassifications | (8,707,740) | — | 8,707,740 | — | — | — |
| Proceeds from sales of investments | — | — | (7,188,653) | (7,376,089) | — | (14,564,742) |
| Loan origination fees received | (4,751,331) | (990,000) | — | — | — | (5,741,331) |
| Principal repayments received | (210,917,936) | (35,519,921) | — | — | — | (246,437,857) |
| PIK interest earned | 10,197,528 | 1,325,277 | — | — | — | 11,522,805 |
| PIK interest payments received | (8,232,467) | (1,206,033) | — | — | — | (9,438,500) |
| Accretion of loan discounts | 326,913 | 35,511 | — | — | — | 362,424 |
| Accretion of deferred loan origination revenue | 4,157,776 | 740,058 | — | — | — | 4,897,834 |
| Realized gain (loss) | (28,793,224) | 804,802 | (5,198,522) | 2,889,237 | — | (30,297,707) |
| Unrealized gain (loss) | 10,250,693 | (102,294) | 9,370,723 | (1,391,148) | — | 18,127,974 |
| Fair value, end of period | $ 690,915,297 | $ 129,285,900 | $ 144,062,853 | $ 3,835,000 | $ — | $ 968,099,050 |
| Weighted average yield on debt investments at end of period(1) | | | | | | 12.3% |
| Weighted average yield on total investments at end of period(1) | | | | | | 10.7% |
| Weighted average yield on total investments at end of period | | | | | | 10.4% |

(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 September 30, 2016, the fair value of our non-accrual assets was $19.5 million, which comprised 2.1% of the total fair value of our portfolio, and the cost of our non-accrual assets was $38.1 million, which comprised 3.9% of the total cost of our portfolio. As of December 31, 2015, the fair value of our non-accrual assets was $6.9 million, which comprised 0.7% of the total fair value of our portfolio, and the cost of our non-accrual assets was $20.4 million, which comprised 2.0% of the total cost of our portfolio.

Our non-accrual assets as of September 30, 2016 were as follows:

*Community Intervention Services, Inc.*

In June 2016, we placed our debt investment in Community Intervention Services, Inc., or Community, on non-accrual status effective with the quarterly payment due June 30, 2016. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Community for financial reporting purposes. As of September 30, 2016, the cost of our debt investment in Community was $15.4 million and the fair value of such investment was $11.4 million.

*DCWV Acquisition Corporation*

In September 2015, we placed our debt investments in DCWV Acquisition Corporation, or DCWV, on non-accrual status effective with the monthly payment due September 30, 2015. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investments in DCWV for financial reporting purposes. As of September 30, 2016, the cost of our debt investments in DCWV was $8.4 million and the fair value of such investments was $3.3 million.

*DPII Holdings, LLC*

During the three months ended March 31, 2016, we placed our Tranche I & II subordinated debt investments in DPII Holdings, LLC, or Datapath, on PIK non-accrual status. During the three months ended June 30, 2016, we invested approximately $1.6 million in a Tranche III subordinated debt investment in order to provide liquidity to support Datapath. This Tranche III subordinated debt investment bears interest at a rate of 0% Cash and 19% PIK. As a result, in the three months ended June 30, 2016, we placed both our Tranche I & II subordinated debt investments and our Tranche III subordinated debt investment in Datapath on full non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investments in Datapath for financial reporting purposes. As of September 30, 2016, the cost of our debt investments in Datapath was $4.9 million and the fair value of such investments was $3.1 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. As of September 30, 2016, the cost of our debt investments in Gerli was $3.4 million and the fair value of such investments was zero.

*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. As of September 30, 2016, the cost of our debt investment in PowerDirect was $5.9 million and the fair value of such investment was $1.7 million.

**PIK Non-Accrual Assets**

In addition to our non-accrual assets, as of September 30, 2016, we had a debt investment in one portfolio company (our subordinated debt in Women's Marketing, Inc.) that was on non-accrual only with respect to the PIK interest component of the loan. As of September 30, 2016, the fair value of this debt investment was $11.7 million, or 1.2% of the total fair value of our portfolio, and the cost of this debt investment was $16.1 million, or 1.6% of the total cost of our portfolio.

**Results of Operations**

***Comparison of three months ended September 30, 2016 and September 30, 2015***

*Investment Income*

For the three months ended September 30, 2016, total investment income was $27.4 million, a 11.1% decrease from $30.8 million of total investment income for the three months ended September 30, 2015. This decrease was primarily attributable to a $1.8 million decrease in non-recurring fee income, a $0.8 million decrease in investment income related to non-accrual assets, a $0.1 million decrease in non-recurring dividend income and a decrease in the weighted average yield on our debt investments from September 30, 2015 to September 30, 2016. Non-recurring fee income was $1.2 million for the three months ended September 30, 2016, as compared to $3.0 million for the three months ended September 30, 2015. Non-recurring dividend income was $0.3 million for the three months ended September 30, 2016, as compared to $0.5 million for the three months ended September 30, 2015.

*Operating Expenses*

For the three months ended September 30, 2016, operating expenses decreased by 6.0% to $11.6 million from $12.3 million for the three months ended September 30, 2015. Our operating expenses consist of interest and other financing fees, compensation expenses and general and administrative expenses.

For the three months ended September 30, 2016, interest and other financing fees increased by 3.0% to $6.8 million from $6.6 million for the three months ended September 30, 2015. The increase in interest and other financing fees was related primarily to the interest and fee amortization of $0.2 million on the incremental $25.0 million of borrowings outstanding under our SBA-guaranteed debentures.

Compensation expenses are primarily influenced by 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 expenses can fluctuate materially from period to period. Accordingly, the amount of compensation expenses recognized in any particular period may not be indicative of compensation expenses in a future period.

For the three months ended September 30, 2016, compensation expenses decreased by 19.9% to $4.0 million from $5.0 million for the three months ended September 30, 2015. This decrease in compensation expenses was primarily related to decreased discretionary compensation expenses.

For the three months ended September 30, 2016, general and administrative expenses increased by 5.7% to $0.9 million from $0.8 million for the three months ended September 30, 2015.

In addition, our efficiency ratio (defined as the sum of compensation expenses and general and administrative expenses as a percentage of total investment income) decreased to 17.6% for the three months ended September 30, 2016 from 18.7% for the three months ended September 30, 2015.

*Net Investment Income*

As a result of the $3.4 million decrease in total investment income and the $0.7 million decrease in operating expenses, net investment income decreased by 14.5% to $15.8 million for the three months ended September 30, 2016 as compared to $18.5 million for the three months ended September 30, 2015.

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

In the three months ended September 30, 2016, we recognized realized losses totaling $11.2 million, which consisted primarily of a net loss on the write-off of one non-control/non-affiliate investment totaling $16.1 million, partially offset by net gains on the sales of four non-control/non-affiliate investments totaling $4.9 million. In addition, during the three months ended September 30, 2016, we recorded net unrealized appreciation totaling $3.2 million, consisting of net unrealized depreciation on our current portfolio of $9.0 million and net unrealized appreciation reclassification adjustments of $12.2 million related to the realized gains and losses noted above.

In the three months ended September 30, 2015, we recognized realized losses totaling $16.5 million, which consisted of a loss on the write-off of one control investment totaling $18.3 million and a loss on the write-off of one affiliate investment totaling $0.5 million, partially offset by gains related to the sales/repayments of six non-control/non-affiliate investments totaling $2.3 million. In addition, during the three months ended September 30, 2015, we recorded net unrealized appreciation totaling $15.5 million, consisting of net unrealized appreciation on our current portfolio of $0.2 million and net unrealized appreciation reclassification adjustments of $15.3 million related to the realized gains and losses noted above.

As a result of these events, our net increase in net assets resulting from operations was $7.9 million for the three months ended September 30, 2016, as compared to a net increase in net assets resulting from operations of $17.9 million for the three months ended September 30, 2015.

***Comparison of nine months ended September 30, 2016 and September 30, 2015***

*Investment Income*

For the nine months ended September 30, 2016, total investment income was $82.5 million, a 7.8% decrease from $89.4 million of total investment income for the nine months ended September 30, 2015. This decrease was primarily attributable to a $3.4 million decrease in non-recurring fee income and a $2.7 million decrease in non-recurring dividend income, a $0.4 million decrease in investment income related to non-accrual assets and a decrease in the weighted average yield on our debt investments from September 30, 2015 to September 30, 2016. Non-recurring fee income was $4.5 million for the nine months ended September 30, 2016 as compared to $7.9 million for the nine months ended September 30, 2015. Net non-recurring dividend income was $(0.3) million for the nine months ended September 30, 2016 as compared to $2.4 million for the nine months ended September 30, 2015. Our net negative non-recurring dividend income during the nine months ended September 30, 2016 consisted of non-recurring dividend income of approximately $0.9 million and a negative true-up adjustment of $1.3 million related to a portfolio company distribution that was received in 2015. In 2015, we received information that indicated that the tax character of the distribution was 100% dividend income, but received updated information in 2016 indicating that only 14% of the distribution was dividend income and the remainder was a return of capital, which necessitated the adjustment.

*Operating Expenses*

For the nine months ended September 30, 2016, operating expenses increased by 10.1% to $40.7 million from $37.0 million for the nine months ended September 30, 2015. Our operating expenses consist of interest and other financing fees, compensation expenses and general and administrative expenses.

For the nine months ended September 30, 2016, interest and other financing fees decreased by 1.4% to $20.0 million from $20.3 million for the nine months ended September 30, 2015. The decrease in interest and other financing fees was related to $2.4 million of interest savings related to the redemption of our unsecured notes due in March 2019, or the 2019 Notes, partially offset by an increase in interest and other financing fees of $0.2 million on the $25.0 million of incremental outstanding borrowings under our SBA-guaranteed debentures, an increase in interest and other financing fees of $1.4 million related to increased borrowings under our third amended and restated senior secured credit facility, or the Credit Facility, and an increase of $0.5 million in interest and other financing fees from the February 2015 issuance of our unsecured notes due in March 2022, or the March 2022 Notes.

For the nine months ended September 30, 2016, compensation expenses increased by 26.2% to $17.5 million from $13.9 million for the nine months ended September 30, 2015. The increase in compensation expenses in the nine months ended September 30, 2016 was primarily related to one-time expenses associated with the retirement of our former Chief Executive Officer, Garland S. Tucker, III, from his officer positions in February 2016. Our Board of Directors awarded Mr. Tucker a $2.5 million cash bonus and accelerated the vesting of his outstanding shares of restricted stock, including 47,000 shares of restricted stock awarded to him in February 2016 based on his performance during 2015, and certain other compensation in connection with his retirement and in recognition of his long service. We recognized $5.5 million in one-time compensation expenses in the nine months ended September 30, 2016 associated with Mr. Tucker's retirement. This increase was partially offset by decreased discretionary compensation expenses.

For the nine months ended September 30, 2016, general and administrative expenses increased by 13.3% to $3.2 million from $2.8 million for the nine months ended September 30, 2015.

In addition, our efficiency ratio (defined as the sum of compensation expenses and general and administrative expenses as a percentage of total investment income) increased to 25.1% for the nine months ended September 30, 2016 from 18.6% for the nine months ended September 30, 2015.

*Net Investment Income*

As a result of the $7.0 million decrease in total investment income and the $3.7 million increase in operating expenses, net investment income decreased by 20.4% to $41.8 million for the nine months ended September 30, 2016 as compared to $52.5 million for the nine months ended September 30, 2015.

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

In the nine months ended September 30, 2016, we recognized realized losses totaling $6.7 million, which consisted primarily of net losses on the the write-off/sales of four affiliate investments totaling $1.7 million, a loss on the restructuring of one non-control/non-affiliate investment totaling $1.6 million and a loss on the write-off of one non-control/non-affiliate investment totaling $16.1 million, partially off-set by net gains on the sales/repayments of fourteen non-control/non-affiliate investments totaling $12.7 million. In addition, during the nine months ended September 30, 2016, we recorded net unrealized depreciation totaling $8.1 million, consisting of net unrealized depreciation on our current portfolio of $15.7 million and net unrealized appreciation reclassification adjustments of $7.5 million related to the realized gains and losses noted above.

In the nine months ended September 30, 2015, we recognized realized losses totaling $30.3 million, which consisted of a loss on the restructuring of one control investment totaling $20.5 million, a loss on the write-off of one control investment totaling $18.3 million and a loss on the write- off of one affiliate investment totaling $0.5 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 thirteen non- control/non- affiliate investments totaling $8.7 million. In addition, during the nine months ended September 30, 2015, we recorded net unrealized appreciation of investments totaling $17.4 million, consisting of net unrealized depreciation on our current portfolio of approximately $12.3 million and net unrealized appreciation reclassification adjustments of $29.6 million related to the realized gains and losses noted above.

During the nine months ended September 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 $27.0 million for the nine months ended September 30, 2016, as compared to a net increase in net assets resulting from operations of $38.4 million for the nine months ended September 30, 2015.

***Liquidity and Capital Resources***

We believe that our current cash and cash equivalents on hand, our available leverage under the 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 nine months ended September 30, 2016, we experienced a net increase in cash and cash equivalents in the amount of $115.7 million. During that period, our operating activities provided $55.8 million in cash, consisting primarily of repayments received from portfolio companies and proceeds from sales of portfolio investments of approximately $182.2 million, partially offset by new portfolio investments of $163.9 million. In addition, our financing activities increased cash by $60.0 million, consisting primarily of proceeds from the public stock offering of $129.1 million and borrowings under SBA-guaranteed debentures of $32.8 million, partially offset by cash dividends paid in the amount of $49.1 million, net repayments under the Credit Facility of $40.4 million and the repayment of the SBA-guaranteed LMI debenture of $7.8 million. As of September 30, 2016, we had $168.3 million of cash and cash equivalents on hand.

For the nine months ended September 30, 2015, we experienced a net decrease in cash and cash equivalents in the amount of $25.7 million. During that period, our operating activities used $38.4 million in cash, consisting primarily of new portfolio investments of $352.4 million, partially offset by repayments received from portfolio companies and proceeds from sales of portfolio investments of approximately $261.0 million. In addition, our financing activities increased cash by $12.8 million, primarily due to net borrowings under the Credit Facility of $60.0 million and proceeds from the March 2022 Notes offering of $83.4 million, partially offset by redemption of the 2019 Notes of $69.0 million and cash dividends paid in the amount of $56.1 million. As of September 30, 2015, we had $53.0 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 $350.0 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. As a result of its guarantee of our SBA-guaranteed debentures, the SBA has fixed-dollar claims on the assets of Triangle SBIC and Triangle SBIC II that are superior to the claims of our security holders.

As of September 30, 2016, Triangle SBIC had issued the maximum $150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued $100.0 million 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 September 30, 2016 was 3.90%. In the nine months ended September 30, 2016, we repaid the $7.8 million SBA-guaranteed LMI debenture, which matured on March 1, 2016. As of both September 30, 2016 and December 31, 2015, all SBA-guaranteed debentures were pooled.

In May 2015, we entered the Credit Facility, which has a current commitment of $300.0 million supported by 13 financial institutions and replaced our $165.0 million senior secured credit facility entered into in June 2013, or the Prior Facility. The revolving period of the Credit Facility ends May 3, 2019 followed by a one-year amortization period with a final maturity date of May 3, 2020. We have the ability to borrow in both United States dollars as well as foreign currencies 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 1.50% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or 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 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 Credit 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 Credit Facility is greater than 25.0% of total commitments.

As of September 30, 2016, we had United States dollar borrowings of $69.7 million outstanding under the Credit Facility with an interest rate of 3.28% and non-United States dollar borrowings denominated in Canadian dollars of $28.6 million ($21.7 million in United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 3.65%. 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 a minimum consolidated tangible net worth, (iii) maintaining a minimum asset coverage ratio and (iv) maintaining our status as a regulated investment company, or RIC, 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 Branch Banking and Trust Company, 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 September 30, 2016, 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.

In October 2012, we issued $70.0 million of unsecured notes due December 2022, or the 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 related 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 requirement of the 1940 Act or any successor provisions, after giving effect to any exemptive relief granted to us by the SEC, (ii) a requirement that we will not declare any cash dividend, or declare any other cash distribution, upon a class of our capital stock, or purchase any such capital stock, unless, in every such case, at the time of the declaration of any such dividend or distribution, or at the time of any such purchase, we have an asset coverage (as defined in the 1940 Act) of at least 200% after deducting the amount of such dividend, distribution or purchase price, as the case may be, giving effect to any exemptive relief granted to us by the SEC, and (iii) 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. As of September 30, 2016 and December 31, 2015, we were in compliance with all covenants of the December 2022 Notes and the March 2022 Notes.

*Distributions to Stockholders*

We elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code. 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 requirement and related provisions under the 1940 Act and contained in the indenture and related supplements governing the December 2022 Notes and the March 2022 Notes.

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 October 2016, we invested $23.5 million in debt and equity securities of Fridababy, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 10.0%.

In October 2016, we invested $17.0 million in debt and equity securities of Del Real, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 11.0%.

In October 2016, we invested $16.3 million in debt and equity securities of TG MIDCO, LLC. Under the terms of the investments, the debt securities bear interest at a rate of 11.25%.

In October 2016, our Board of Directors approved the promotion of Jeffrey A. Dombcik, Cary B. Nordan and Douglas A. Vaughn to the role of Senior Managing Director. In addition, Messrs. Dombcik, Nordan and Vaughn were promoted to the positions of Chief Credit Officer, Chief Origination Officer and Chief Administrative Officer, respectively.

In October 2016, our Board of Directors accepted the resignation of Brent P.W. Burgess as our Chief Investment Officer and as a member of our Board of Directors. In connection with Mr. Burgess's resignations, we and Mr. Burgess entered into an agreement (the "Agreement"), pursuant to which he will receive his unpaid salary and accrued but unused vacation leave through October 14, 2016; cash payments totaling $250,000; accelerated vesting of the 93,284 shares of our restricted stock held by him; and certain other benefits. Mr. Burgess also agreed to certain confidentiality, non-compete, non-solicitation and other covenants in the Agreement.

**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 the 1940 Act and 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. 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 to herein 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 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, 2015 | 16 | 28% |
| June 30, 2015 | 15 | 26% |
| September 30, 2015 | 22 | 34% |
| December 31, 2015 | 17 | 28% |
| March 31, 2016 | 18 | 27% |
| June 30, 2016 | 19 | 30% |
| September 30, 2016 | 19 | 33% |

(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 our 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, which generally is either earnings before interest, taxes, depreciation and amortization, as adjusted, or Adjusted EBITDA, or revenues. 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 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 changes in one or more of the inputs. Assuming all other inputs to the Enterprise Value Waterfall model remain constant, any 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, 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 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 changes in one or more of the inputs. Assuming all other inputs to the Income Approach model remain constant, any increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security would result in a lower (higher) fair value for that security.

Assuming all other inputs to the Income Approach model remain constant, any increase (decrease) in the Adjusted EBITDA input for a particular debt security would 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 PIK interest provisions. 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 until it is collected, 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.

### *Off-Balance Sheet Arrangements*

In the normal course of business, we are party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend financing to our portfolio companies. Since commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The balances of unused commitments to extend financing as of September 30, 2016 and December 31, 2015 were as follows:

| Portfolio Company | Investment Type | September 30, 2016 | December 31, 2015 |
|---|---|---|---|
| DLC Acquisition, LLC | Revolver | $ 3,000,000 | $ 3,000,000 |
| Frank Entertainment Group, LLC | Equity Investment | — | 200,000 |
| Halo Branded Solutions, Inc. | Delayed Draw Term Loan | 3,250,000 | — |
| HKW Capital Partners IV, L.P. | Private Equity | 530,032 | 856,874 |
| Nautic Partners VII, LP | Private Equity | 761,959 | 1,113,275 |
| Nomacorc, LLC | Equity Investment | 849,362 | 732,788 |
| Orchid Underwriters Agency, LLC | Delayed Draw Term Loan | 8,400,000 | 8,400,000 |
| Orchid Underwriters Agency, LLC | Revolver | 5,000,000 | 5,000,000 |
| Smile Brands, Inc. | Equity Investment | 1,000,000 | — |
| Smile Brands, Inc. | Delayed Draw Term Loan | 18,826,531 | — |
| SPC Partners V, LP | Private Equity | 731,728 | 1,213,477 |
| SPC Partners VI, LP | Private Equity | 3,000,000 | — |
| Team Waste, LLC | Equity Investment | 1,900,000 | 4,500,000 |
| TGaS Advisors, LLC | Revolver | 2,000,000 | 2,000,000 |
| YummyEarth Inc. | Delayed Draw Term Loan | 2,500,000 | — |
| YummyEarth Inc. | Revolver | — | 4,000,000 |
| Total Unused Commitments | | $ 51,749,612 | $ 31,016,414 |

**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 September 30, 2016, we were not a party to any hedging arrangements.

As of September 30, 2016, 80.9%, or $686.9 million (at cost), of our debt portfolio investments bore interest at fixed rates and 19.1%, or $161.8 million (at cost), of our debt portfolio investments bore interest at variable rates, which are either prime-based or LIBOR-based, and many 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 $3.2 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 1.50% if we receive an investment grade credit rating), (ii) the applicable LIBOR rate plus 2.75% (or 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 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 September 30, 2016, we had non-United States dollar borrowings denominated in Canadian dollars of $28.6 million ($21.7 million United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 3.65%.

**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 third quarter of 2016 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, 2015, filed with the SEC on February 24, 2016, which could materially affect our business, financial condition or operating results. There have been no material changes during the nine months ended September 30, 2016 to the risk factors discussed in our Annual Report on Form 10-K. The risks described in our Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

*Sales of Unregistered Securities*

During the three months ended September 30, 2016, we issued 37,714 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, as amended. The aggregate value for the shares of common stock issued during the three months ended September 30, 2016 under the dividend reinvestment plan was approximately $0.7 million.

*Issuer Purchases of Equity Securities*

During the three months ended September 30, 2016, 4,868 shares of our common stock were delivered to us at an average price per share of $20.09 in satisfaction of tax withholding obligations of holders of restricted shares issued under the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan that vested during the period. These shares are reflected in the following table:

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| July 1 through July 31, 2016 | — | — | — | — |
| August 1 through August 31, 2016 | 4,868 | $ 20.09 | — | — |
| September 1 through September 30, 2016 | — | — | — | — |

**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 Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference). |
| 3.2 | Fifth 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 November 9, 2015 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 (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 (File No. 33-175160) filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference). |
| 4.5 | 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). |
| 4.6 | 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). |
| 4.7 | 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 (File No. 333-199102) filed with the Securities and Exchange Commission on February 6, 2015 and incorporated herein by reference). |
| 4.8 | 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 (File No. 333-199102) filed with the Securities and Exchange Commission on February 6, 2015 and incorporated herein by reference). |
| 10.1 | Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan.* |
| 10.2 | Triangle Capital Corporation Amended and Restated Executive Deferred Compensation Plan.* |
| 11 | Statement re computation of per share earnings (Included in the consolidated financial statements filed with this report).* |
| 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: November 2, 2016 | /s/ E. Ashton Poole<br>E. Ashton Poole<br>President and Chief Executive Officer<br>(Principal Executive Officer) |
| Date: November 2, 2016 | /s/ Steven C. Lilly<br>Steven C. Lilly<br>Chief Financial Officer and Secretary<br>(Principal Financial Officer) |
| Date: November 2, 2016 | /s/ C. Robert Knox, Jr.<br>C. Robert Knox, Jr.<br>Principal Accounting Officer |

## EXHIBIT INDEX

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* Filed Herewith.

** Furnished Herewith.

**Exhibit 10.1**

# TRIANGLE CAPITAL CORPORATION
# AMENDED AND RESTATED
# 2007 EQUITY INCENTIVE PLAN
**(Effective May 7, 2008, as amended on May 2, 2012, May 8, 2013 and October 2, 2016)**

Section 1. **Purposes**.

1.1. *Generally*. This plan shall be known as the “Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan” (the “Plan”). The purpose of the Plan is to promote the interests of Triangle Capital Corporation, a Maryland corporation (the “Company”), its Affiliates (as defined herein) and its stockholders by (i) attracting and retaining key officers, employees, and directors of, the Company and its Affiliates; (ii) motivating such individuals by means of individual performance-related incentives to achieve long-range performance goals; (iii) encouraging ownership of stock in the Company by such individuals; and (iv) linking their compensation to the long-term interests of the Company and its stockholders. With respect to any awards granted under the Plan that are intended to comply with the requirements of “performance-based compensation” under Section 162(m) of the Code, the Plan shall be interpreted in a manner consistent with such requirements.

1.2. *Amendment and Restatement*. This Plan amends and restates the Triangle Capital Corporation 2007 Equity Incentive Plan adopted February 13, 2007 (the “Prior Plan”) in its entirety. All Awards (as defined below) granted subsequent to the date of this Plan's adoption by the Company's stockholders shall be subject to the terms of this Plan.

Section 2. **Definitions**.

As used in the Plan, the following terms shall have the meanings set forth below:

(a)“**1940 Act**” means the Investment Company Act of 1940, as amended.

(b)“**Affiliate**” shall mean any wholly-owned consolidated subsidiary of the Company.

(c)“**Award**” shall mean any Option or Restricted Share Award granted under the Plan, whether singly, in combination or in tandem, to a Participant by the Board pursuant to such terms, conditions, restrictions and/or limitations, if any, as the Board may establish or which are required by applicable legal requirements.

(d)“**Award Agreement**” shall mean any written agreement, contract or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

(e)“**Board**” shall mean the Board of Directors of the Company.

(f)“**Cause**” shall mean, unless otherwise defined in the applicable Award Agreement, (i) the engaging by the Participant in willful misconduct that is injurious to the Company or its Affiliates, or (ii) the embezzlement or misappropriation of funds or property of the Company or its Affiliates by the Participant. For purposes of this paragraph, no act, or failure to act, on the Participant's part shall be considered “willful” unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company. Any determination of Cause for purposes of the Plan or any Award shall be made by the Board in its sole discretion. Any such determination shall be final and binding on a Participant.

(g)“**Change in Control**” shall mean, unless otherwise defined in the applicable Award Agreement, any of the following events:

(i)any person or entity, including a “group” as defined in Section 13(d)(3) of the Exchange Act, other than the Company or an Affiliate thereof or any employee benefit plan of the Company or any of its Affiliates, becomes the beneficial owner of the Company's securities having 35% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business);

(ii)as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination or contested election, or any combination of the foregoing transactions, less than a majority of the combined voting power of the then outstanding securities of the Company or any successor company or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction;

(iii)during any period of two (2) consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each Director of the Company first elected during such period was approved by a vote of at least two-thirds (2/3rds) of the Directors of the Company then still in office who were (i) Directors of the Company at the beginning of any such period, and (ii) not initially (a) appointed or elected to office as result of either an actual or threatened election and/or proxy contest by or on behalf of a Person other than the Board, or (b) designated by a Person who has entered into an agreement with the Company to effect a transaction described in (i) or (ii) above or (iv) or (v) below;

(iv)a complete liquidation or dissolution of the Company; or

(v)the sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to an Affiliate).

(h)“**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

(i)“**Committee**” shall mean a committee of two or more members of the Board appointed by the Board in accordance with Section 3.3.

(j)**“Covered Officer”** shall mean at any date (i) any individual who, with respect to the previous taxable year of the Company, was a “covered employee” of the Company within the meaning of Section 162(m) of the Code; provided, however, that the term “Covered Officer” shall not include any such individual who is designated by the Board, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a “covered employee” with respect to the current taxable year of the Company and (ii) any individual who is designated by the Board, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a “covered employee" with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid or vested.

(k)**"Director"** shall mean a member of the Board.

(l)**"Disability"** shall mean, unless otherwise defined in the applicable Award Agreement, a disability that would qualify as a total and permanent disability under the Company's then current long-term disability plan.

(m)**"Employee"** shall mean an officer or employee of the Company or of any Affiliate.

(n)**"Exchange Act"** shall mean the Securities Exchange Act of 1934, as amended from time to time.

(o)**"Fair Market Value"** with respect to the Shares, shall mean, for purposes of a grant of an Award as of any date, (i) the closing sales price of the Shares on the New York Stock Exchange, or any other such exchange on which the Shares are traded, on such date, or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined, in good faith, by the Board in its sole discretion (which, for purposes of Section 6.2, will in no event will be less than the net asset value of such Shares on such date, as determined in accordance with the 1940 Act and the rules thereunder), and for purposes of a sale of a Share as of any date, the actual sales price on that date.

(p)**"Incentive Stock Option"** shall mean an option to purchase Shares from the Company that is granted under Section 6 of the Plan and that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

(q)**"Non-Qualified Stock Option"** shall mean an option to purchase Shares from the Company that is granted under Sections 6 or 9 of the Plan and is not intended to be an Incentive Stock Option.

(r)**"Non-Employee Director"** shall mean a Director who is not an officer or employee of the Company.

(s)**"Option"** shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(t)**"Option Price"** shall mean the purchase price payable to purchase one Share upon the exercise of an Option.

(u)**"Participant"** shall mean any Employee or Director.

(v)**"Performance Award"** shall mean any Award granted under Section 8 of the Plan.

(w)**"Person"** shall mean any individual, corporation, partnership, limited liability company, association, joint-stock company, trust, unincorporated organization, government or political subdivision thereof or other entity.

(x)**"Restricted Share"** or **"Restricted Share Award"** shall mean any Share granted under Sections 7 or 9 of the Plan.

(y)**“Retirement”** shall mean, unless otherwise defined in the applicable Award Agreement, retirement of a Participant from the employ or service of the Company or any of its Affiliates in accordance with the terms of the applicable Company retirement plan or, if a Participant is not covered by any such plan, retirement on or after such Participant's 65th birthday.

(z)**“SEC”** shall mean the Securities and Exchange Commission or any successor thereto.

(aa)**“Section 16”** shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

(ab)**“Section 162(m)”** shall mean Section 162(m) of the Code and the regulations promulgated thereunder and any successor provision thereto as in effect from time to time.

(ac)**“Shares”** shall mean shares of the common stock, $0.001 par value, of the Company.

(ad)**“Substitute Awards”** shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a company acquired by the Company or with which the Company combines.

Section 3. **Administration**.

3.1. *Administration by the Board*. The Board shall administer the Plan unless and until it delegates administration to a Committee, as provided in Section 3.3 hereof.

3.2. *Powers of the Board*. The Board shall have the power, subject to the express provisions of the Plan and applicable law:

(a)To determine from time to time which of the persons eligible under the Plan shall be granted Awards; when and how each Award shall be granted and documented; what type or combination of types of Awards shall be granted; the provision of each Award granted, including the time or times when a Participant shall be permitted to exercise an Award; and the number of Shares with respect to which an Award shall be granted to each such Participant. Notwithstanding the foregoing powers of the Board, any grants of Awards to Non-Employee Directors under the Plan shall be automatic and shall not be changed without SEC approval, and the issuance of any Award to an Employee will be approved by the required majority, as defined in Section 57(o) of the 1940 Act, of the Company's directors on the basis that such issuance is in the best interests of the Company and its stockholders.

(b)To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award documentation, in such manner and to such extent as it shall deem necessary or expedient to make the Plan fully effective.

(c)To amend the Plan or an Award as provided in Section 13.

(d)To terminate or suspend the Plan as provided in Section 13.

(e)Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan.

3.3. *Delegation to Committee.* The Board may delegate administration of the Plan to a Committee or Committees of three (3) or more members of the Board, and the term "Committee" shall apply to any persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board, other than the Board reference at the end of this sentence and Board references in the last sentence of this Section 3.3 shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

3.4. *Effects of Board's Decision*. Determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

Section 4. **Shares Available For Awards.**

4.1. *Shares Available*. Subject to the provisions of Section 4.5 hereof, the stock to be subject to Awards under the Plan shall be the Shares of the Company and the maximum number of Shares with respect to which Awards may be granted under the Plan shall be 2,400,000. If, after the effective date of the Plan, any Shares covered by an Award granted under this Plan, or to which such an Award relates, are forfeited, or if such an Award is settled for cash or otherwise terminates, expires unexercised or is canceled or settled without the delivery of Shares or with the delivery of a reduced number of Shares, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares with respect to which Awards may be granted, to the extent of any such settlement, reduction, forfeiture, termination, expiration or cancellation, shall again become Shares with respect to which Awards may be granted. In the event that any Award granted hereunder is exercised through the delivery of Shares or in the event that withholding tax liabilities arising from such Award are satisfied by the withholding of Shares by the Company, the number of Shares available for Awards under the Plan shall be increased by the number of Shares so surrendered or withheld.

4.2. *Limits on Grants of Individual Awards.*

(a)No individual Participant shall be granted Options under the Plan in any calendar year that relate to more than 100,000 Shares.

(b)No individual Participant shall be granted Awards under the Plan relating to more than 25% of the Shares reserved for issuance.

4.3. *Limits on Grants of Restricted Shares*. The combined maximum amount of Restricted Shares that may be issued under the Plan will be 10% of the outstanding Shares on the Effective Date (as defined in Section 15.1 below) plus 10% of the number of Shares issued or delivered by the Company (other than pursuant to compensation plans) during the term of the Plan.

4.4. *Limits on Number of Awards*. The amount of voting securities that would result from the exercise of all of the Company's outstanding warrants, options and rights, together with any Restricted Shares issued pursuant to the Plan, at the time of issuance shall not exceed 25% of the outstanding voting securities of the Company, except that if the amount of voting securities that would result from the exercise of all of the Company's outstanding warrants, options, and rights issued to the Company's directors, officers, and employees, together with any Restricted Shares issued pursuant to the Plan, would exceed 15% of the outstanding voting securities of the Company, then the total amount of voting securities that would result from the exercise of all outstanding warrants, options, and rights, together with any Restricted Shares issued pursuant to the Plan, at the time of issuance shall not exceed 20% of the outstanding voting securities of the Company.

4.5. *Adjustments*. In the event that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares, then the Board shall in an equitable and proportionate manner (and, as applicable, in such manner as is consistent with Sections 422 and 409A of the Code and the regulations thereunder and with Section 162(m)) either: (i) adjust any or all of (1) the aggregate number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted under the Plan; (2) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards under the Plan, provided that the number of shares subject to any Award shall always be a whole number; (3) the grant or exercise price with respect to any Award under the Plan (but only provided that the SEC has issued an exemptive order or the SEC's staff has provided written confirmation allowing the Company to do so); and (4) the limits on the number of Shares that may be granted to Participants under the Plan in any calendar year; (ii) provide for an equivalent award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect; or (iii) make provision for a cash payment to the holder of an outstanding Award.

4.6. *Substitute Awards*. Any Shares issued by the Company as Substitute Awards in connection with the assumption or substitution of outstanding grants from any acquired corporation shall not reduce the Shares available for Awards under the Plan.

4.7. *Sources of Shares Deliverable Under Awards*. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

4.8. *No Grants in Contravention of 1940 Act.* No Award may be granted under the Plan if the grant of such Award would cause the Company to violate Section 61(a)(3) of the Act, and, if otherwise approved for grant, shall be void and of no effect. The grants of Awards under the Plan to Non-Employee Directors shall be automatic and shall not be changed without SEC approval.

Section 5. **Eligibility**.

Any Employee or Director shall be eligible to be designated a Participant; provided, however, that Non-Employee Directors shall only be eligible to receive Awards of Restricted Shares granted consistent with Section 9.

Section 6. **Stock Options.**

6.1. *Grant*. The Board shall have sole and complete authority to determine the Participants to whom Options shall be granted, the number of Shares subject to each Award, the exercise price (subject to Section 6.2 below) and the conditions and limitations applicable to the exercise of each Option. The Board shall have the authority to grant Incentive Stock Options, and to grant Non-Qualified Stock Options. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with Section 422 of the Code, as from time to time amended, and any regulations implementing such statute. A person who has been granted an Option under this Plan may be granted additional Options under the Plan if the Board shall so determine; provided, however, that to the extent the aggregate Fair Market Value (determined at the time the Incentive Stock Option is granted) of the Shares with respect to which all Incentive Stock Options are exercisable for the first time by an Employee during any calendar year (under all plans described in of Section 422(d) of the Code of the Employee's employer corporation and its parent and Affiliates) exceeds $100,000, such Options shall be treated as Non-Qualified Stock Options.

6.2. *Price*. The Board in its sole discretion shall establish the Option Price at the time each Option is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than one hundred percent (100%) of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of such Option. Once established, the Option Price of any Option may not be changed absent an exemptive order from the SEC or written confirmation from its staff allowing the Company to do so.

6.3. *Term.* Subject to the Board's authority under Section 3.2 and the provisions of Section 6.5, each Option and all rights and obligations thereunder shall expire on the date determined by the Board and specified in the Award Agreement. The Board shall be under no duty to provide terms of like duration for Options granted under the Plan. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of ten (10) years from the date such Option was granted.

6.4. *Exercise*.

(a)Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Board shall have full and complete authority to determine, subject to Section 6.5 herein, whether an Option will be exercisable in full at any time or from time to time during the term of the Option, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option as the Board may determine.

(b)The Board may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable. The exercise of any Option granted hereunder shall be effective only at such time as the sale of Shares pursuant to such exercise will not violate any state or federal securities or other laws.

(c)An Option may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option, delivered to the Company at its principal office, and payment in full to the Company at the direction of the Board of the amount of the Option Price for the number of Shares with respect to which the Option is then being exercised.

(d)Payment of the Option Price shall be made in cash or cash equivalents, or, at the discretion of the Board, (i) by transfer, either actually or by attestation, to the Company of Shares that have been held by the Participant for at least six (6) months (or such lesser period as may be permitted by the Board), valued at the Fair Market Value of such Shares on the date of exercise, together with any applicable withholding taxes, such transfer to be upon such terms and conditions as determined by the Board, or (ii) by a combination of such cash (or cash equivalents) and such Shares; provided, however, that the optionee shall not be entitled to tender Shares pursuant to successive, substantially simultaneous exercises of an Option or any other stock option of the Company. Subject to applicable securities laws, an Option may also be exercised by delivering a notice of exercise of the Option and simultaneously selling the Shares thereby acquired, pursuant to a brokerage or similar agreement approved in advance by proper officers of the Company, using the proceeds of such sale as payment of the Option Price, together with any applicable withholding taxes. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a stockholder with respect to such Shares.

6.5. *Ten Percent Stock Rule*. Notwithstanding any other provisions in the Plan, if at the time an Option is otherwise to be granted pursuant to the Plan, the optionee or rights holder owns directly or indirectly (within the meaning of Section 424(d) of the Code) Shares of the Company possessing more than ten percent (10%) of the total combined voting power of all classes of Stock of the Company or its parent or Affiliate corporations (within the meaning of Section 422(b)(6) of the Code), then any Incentive Stock Option to be granted to such optionee or rights holder pursuant to the Plan shall satisfy the requirement of Section 422(c)(5) of the Code, and the Option Price shall be not less than one hundred ten percent (110%) of the Fair Market Value of the Shares of the Company, and such Option by its terms shall not be exercisable after the expiration of five (5) years from the date such Option is granted.

Section 7. **Restricted Shares**.

7.1. *Grant*.

(a)Subject to the provisions of the Plan and other applicable legal requirements, the Board shall have sole and complete authority to determine the Participants to whom Restricted Shares shall be granted, the number of Restricted Shares to be granted to each Participant, the duration of the period during which, and the conditions under which, the

Restricted Shares may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Share Awards shall be evidenced by Award Agreements in such form as the Board shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Board that are consistent with the terms of the Plan.

(b)Each Restricted Share Award made under the Plan shall be for such number of Shares as shall be determined by the Board and set forth in the Award Agreement containing the terms of such Restricted Share Award. Such agreement shall set forth a period of time during which the grantee must remain in the continuous employment of the Company in order for the forfeiture and transfer restrictions to lapse. If the Board so determines, the restrictions may lapse during such restricted period in installments with respect to specified portions of the Shares covered by the Restricted Share Award. The Award Agreement may also, in the discretion of the Board, set forth performance or other conditions that will subject the Shares to forfeiture and transfer restrictions. The Board may, at its discretion, waive all or any part of the restrictions applicable to any or all outstanding Restricted Share Awards.

(c)Notwithstanding Sections 7.1(a) and 7.1(b) hereof, any grants of Restricted Shares to Non-Employee Directors under the Plan shall be automatic and shall not be changed without SEC approval.

7.2. *Delivery of Shares and Transfer Restrictions.* At the time of a Restricted Share Award, a certificate representing the number of Shares awarded thereunder shall be registered in the name of the grantee. Such certificate shall be held by the Company or any custodian appointed by the Company for the account of the grantee subject to the terms and conditions of the Plan, and shall bear such a legend setting forth the restrictions imposed thereon as the Board, in its discretion, may determine. The applicable Award Agreement will specify whether a grantee has the right to receive dividends with respect to the Restricted Shares prior to the lapsing of transfer restrictions. Unless otherwise provided in the applicable Award Agreement, the grantee shall have all other rights of a stockholder with respect to the Restricted Shares, including the right to vote such Shares, subject to the following restrictions: (i) the grantee shall not be entitled to delivery of the stock certificate until the expiration of the restricted period and the fulfillment of any other restrictive conditions set forth in the Award Agreement with respect to such Shares; (ii) none of the Shares may be transferred except for disposition by gift, will or the laws of descent and distribution during such restricted period or until after the fulfillment of any such other restrictive conditions; and (iii) except as otherwise determined by the Board at or after grant, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of the Company for the entire restricted period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Share Award are met. Unless otherwise provided in the applicable Award Agreement, any Shares, any other securities of the Company and any other property (except for cash dividends) distributed with respect to the Shares subject to Restricted Share Awards shall be subject to the same restrictions, terms and conditions as such restricted Shares.

7.3. *Termination of Restrictions.* At the end of the restricted period and provided that any other restrictive conditions of the Restricted Share Award are met, or at such earlier time as otherwise determined by the Board, all restrictions set forth in the Award Agreement relating to the Restricted Share Award or in the Plan shall lapse as to the restricted Shares subject thereto, and a stock certificate for the appropriate number of Shares, free of the restrictions and restricted stock legend, shall be delivered to the Participant or the Participant's beneficiary or estate, as the case may be.

Section 8. **Performance Awards**.

8.1. *Grant*. The Board shall have sole and complete authority to determine the Employees who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares (including but not limited to Restricted Shares), (ii) valued, as determined by the Board, in accordance with the achievement of such Employees' individual performance goals during such performance periods as the Board shall establish, and (iii) payable at such time and in such form as the Board shall determine.

8.2. *Terms and Conditions*. Subject to the terms of the Plan and any applicable Award Agreement, the Board shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may amend specific provisions of the Performance Award; provided, however, that such amendment may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the amendment.

8.3. *Payment of Performance Awards*. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Board, on a deferred basis. Termination of employment prior to the end of any performance period, other than for reasons of death or Disability, will result in the forfeiture of the Performance Award, and no payments will be made. An employee's rights to any Performance Award may not be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of in any manner, except by will or the laws of descent and distribution, and/or except as the Board may determine at or after grant.

Section 9. **Non-Employee Director Awards**.

9.1. Each Non-Employee Director shall receive a grant of Restricted Shares at the beginning of each one-year term of service on the Board, for which forfeiture restrictions will lapse at the end of that year. The number of Restricted Shares granted to each Non-Employee Director shall be the equivalent of $50,000 worth of Shares based on the market value at the close of the New York Stock Exchange on the date of grant. In addition, the Board may provide that all or a portion of a Non-Employee Director's annual retainer, meeting fees and/or other awards or compensation as determined by the Board, be payable in Shares reserved under the Plan and available for issuance. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law.

9.2. Subject to applicable legal requirements and Section 9.3 below, the Board may also grant Awards to Non-Employee Directors pursuant to the terms of the Plan, including any Award described in Sections 6 or 7 above.

9.3. Any grants of Awards to Non-Employee Directors under the Plan shall be automatic and shall not be changed without SEC approval.

Section 10. **Provisions Applicable To Covered Officers And Performance Awards**.

10.1. Notwithstanding anything in the Plan to the contrary, unless the Board determines that a Performance Award to be granted to a Covered Officer should not qualify as "performance-based compensation" for purposes of Section 162(m), Performance Awards granted to Covered Officers shall be subject to the terms and provisions of this Section 10. Accordingly, unless otherwise determined by the Board, if any provision of the Plan or any Award Agreement relating to such an Award does not comply or is inconsistent with Section 162(m), such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Board discretion to increase the amount of compensation otherwise payable to a Covered Officer in connection with any such Award upon the attainment of the performance criteria established by the Board.

10.2. With respect to any Covered Officer, the maximum annual number of Shares in respect of which all Performance Awards may be granted under Section 8 of the Plan is 100,000 and the maximum amount of all Performance Awards that are settled in cash and that may be granted under Section 8 of the Plan in any year is $1,000,000.

10.3. To the extent necessary to comply with Section 162(m), with respect to grants of Performance Awards, no later than 90 days following the commencement of each performance period (or such other time as may be required or permitted by Section 162(m) of the Code), the Board shall, in writing, (1) select the individual performance goal or goals applicable to the performance period, (2) establish the various targets and bonus amounts which may be earned for such performance period, and (3) specify the relationship between performance goals and targets and the amounts to be earned by each Covered Officer for such performance period. Following the completion of each performance period, the Board shall certify in writing whether the applicable performance targets have been achieved and the amounts, if any, payable to Covered Officers for such performance period. In determining the amount earned by a Covered Officer for a given performance period, subject to any applicable Award Agreement, the Board shall have the right to reduce (but not increase) the amount payable at a given level of performance to take into account additional factors that the Board may deem relevant in its sole discretion to the assessment of individual performance for the performance period.

Section 11. **Termination Of Employment**.

The Board shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a termination of employment with the Company and Affiliates, including a termination by the Company with or without Cause, by a Participant voluntarily, or by reason of death, Disability or Retirement, and may provide such terms and conditions in the Award Agreement or in such rules and regulations as it may prescribe.

Section 12. **Change In Control**.

The Board may specify in the applicable Award Agreement at or after grant, or otherwise by resolution prior to a Change in Control, that all or a portion of the outstanding Awards shall vest, become immediately exercisable or payable and have all restrictions lifted upon a Change in Control.

Section 13. **Amendment And Termination**.

13.1. *Amendments to the Plan*. The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without stockholder approval if such approval is necessary to comply with any tax or regulatory requirement.

13.2. *Amendments to Awards*. Subject to the restrictions of Section 6.2 above and Section 13.5 below, the Board may waive any conditions or rights under, amend any terms of or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary.

13.3. *Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events* . The Board is hereby authorized to make equitable and proportionate adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (and shall make such adjustments for events described in Section 4.5 hereof) affecting the Company or any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations or accounting principles.

13.4. *Section 409A Compliance.* No Award (or modification thereof) shall provide for deferral of compensation that does not comply with Section 409A of the Code unless the Board, at the time of grant, specifically provides that the Award is not intended to comply with Section 409A of the Code. Notwithstanding any provision of this Plan to the contrary, if one or more of the payments or benefits received or to be received by a Participant pursuant to an Award would cause the Participant to incur any additional tax or interest under Section 409A of the Code, the Board may reform such provision to maintain to the maximum extent practicable the original intent of the applicable provision without violating the provisions of Section 409A of the Code.

13.5. *Exercise Price of Awards*. Once established, the exercise price of an Award shall not be changed absent an exemptive order from the SEC or written confirmation from its staff that the Company may do so.

Section 14. **General Provisions**.

14.1. *Limited Transferability of Awards*. Except as otherwise provided in the Plan, no Award shall be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant, except by gift, will or the laws of descent and distribution. In addition, no transfer or disposition of an Award shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the gift affidavit, will and/or such other evidence as the Board may deem necessary or appropriate to establish the validity of the transfer.

14.2. *Dividends*. In the sole and complete discretion of the Board, an Award may provide the Participant with dividends, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividends which are not paid currently may, at the Board's discretion, accrue interest, be reinvested into additional Shares, or, in the case of dividends credited in connection with Performance Awards, be credited as additional Performance Awards and paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award. The total number of Shares available for grant under Section 4 shall not be reduced to reflect any dividends that are reinvested into additional Shares or credited as Performance Awards.

14.3. *No Rights to Awards*. No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each Participant.

14.4. *Share Certificates*. All certificates for Shares or other securities of the Company or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Board may deem advisable under the Plan or the rules, regulations and other requirements of the SEC or any state securities commission or regulatory authority, any stock exchange or other market upon which such Shares or other securities are then listed, and any applicable Federal or state laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

14.5. *Withholding*. A Participant may be required to pay to the Company or any Affiliate any applicable withholding or other tax-related obligations in respect of an Award, its exercise or any other transaction involving an Award, including the vesting thereof, or any payment or transfer under an Award or under the Plan. In connection therewith, the Participant shall have the right to request that the Company or any Affiliate withhold from any Award, from any payment due or transfer made under any Award or under the Plan, or from any compensation or other amount owed by the Participant the amount in cash, Shares or other securities, necessary to satisfy withholding obligations under tax rules. The Board may provide for additional cash payments to holders of Options to defray or offset any tax arising from the grant, vesting, exercise or payment of any Award.

14.6. *Award Agreements*. Each Award hereunder shall be evidenced by an Award Agreement that shall be delivered to the Participant and may specify the terms and conditions of the Award and any rules applicable thereto. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail. The Board shall, subject to applicable law, determine the date an Award is deemed to be granted. The Board or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant, including by electronic signature or other electronic indication of acceptance, and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

14.7. *No Limit on Other Compensation Arrangements*. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options or Restricted Shares.

14.8. *No Right to Employment*. The grant of an Award shall not be construed as giving an Employee the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss an Employee from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in an Award Agreement.

14.9. *No Rights as Stockholder*. Subject to the provisions of the Plan and the applicable Award Agreement, no Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until such person has become a holder of such Shares. Notwithstanding the foregoing, in connection with each grant of Restricted Shares hereunder, the applicable Award Agreement shall specify if and to what extent the Participant shall not be entitled to the rights of a stockholder in respect of such Restricted Shares.

14.10. *Governing Law*. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Maryland without giving effect to conflicts of laws principles.

14.11. *Severability*. If any provision of the Plan or any Award is, or becomes, or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

14.12. *Other Laws*. The Board may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Exchange Act Section 16(b), and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary.

14.13. *No Trust or Fund Created*. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

14.14. *No Fractional Shares*. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Board shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

14.15. *Headings*. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

14.16. *1940 Act*. No provision of this Plan shall contravene any portion of the 1940 Act, and in the event of any conflict between the provisions of the Plan or any Award and the 1940 Act, the applicable section of the 1940 Act shall control and all Awards under the Plan shall be so modified. All Participants holding such modified Awards shall be notified of the changes to their Awards and such change shall be binding on such Participant.

Section 15. **Term Of The Plan**.

15.1. *Effective Date*. The Plan shall become effective upon approval by the stockholders of the Company and the Board; provided, however, that the Plan shall not be effective with respect to any Award to a Non-Employee Director or any award of Restricted Shares unless the Company has received an order from the SEC that permits such Award.

15.2. *Expiration Date.* No new Awards shall be granted under the Plan after the tenth anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the tenth anniversary of the Effective Date.

**Exhibit 10.2**

# TRIANGLE CAPITAL CORPORATION
# EXECUTIVE DEFERRED COMPENSATION PLAN
# AS AMENDED AND RESTATED

## RECITALS:

A. Triangle Capital Corporation (the "Company") established this Triangle Capital Corporation Executive Deferred Compensation Plan (the "Plan") effective as of December 31, 2011. The Plan shall be administered by the Committee (as herein defined).

B. The Plan is designed primarily for purposes of providing benefits for a select group of management and highly compensated employees of the Company and its Subsidiaries that adopt the Plan. It is intended to qualify as a "top hat" plan under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended.

## ARTICLE I
## GENERAL

**Section 1.1** **Purpose of the Plan**. The purpose of this Plan is to reward certain management and highly compensated employees of the Company and its Subsidiaries who have contributed to the Company's success and are expected to continue to contribute to such success in the future. The Plan generally provides such employees with additional deferred compensation, and may provide them with the opportunity to defer a portion of their compensation, all on the terms and conditions set forth herein.

**Section 1.2** **Effective Date**. The effective date of the amended and restated Plan is November 2, 2016.

**Section 1.3** **Gender and Number**. For purposes of interpreting the provisions of this Plan, the masculine gender shall be deemed to include the feminine, the feminine gender shall be deemed to include the masculine, and the singular shall include the plural unless otherwise clearly required by the context.

## ARTICLE II
## DEFINITIONS

**Section 2.1** **Account**. Account means, with respect to each Participant, such Participant's Deferral Account and Employer Contributions Account. For the avoidance of doubt, each Account is a bookkeeping account. No actual account is established and no actual amounts are set aside with respect to an Account.

**Section 2.2** **Base Salary**. Base Salary means, with respect to each Plan Year, the base salary of each Participant for such year, including for this purpose salary reduction contributions pursuant to this Plan and any Employer-sponsored plan governed by Code Section 125, but excluding Bonuses, if any.

**Section 2.3** **Beneficiary**. Beneficiary means the person or persons designated by a Participant as his or her beneficiary hereunder in accordance with the provisions of Article IV.

**Section 2.4** **Board**. Board means the Board of Directors of the Company.

**Section 2.5** **Bonus**. Bonus means any cash bonus earned by a Participant, whether pursuant to a bonus plan or otherwise.

**Section 2.6** **Change in Control**. Change in Control means the happening of any of the following:

(a) any person or entity, including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, other than the Company or a wholly-owned subsidiary thereof or any employee benefit plan of the Company or any of its Subsidiaries, becomes the beneficial owner of the Company's securities having 50% or more of the combined voting power of the then outstanding securities of the Company that may be cast for the election of directors of the Company (other than as a result of an issuance of securities initiated by the Company in the ordinary course of business); or

(b) as the result of, or in connection with, any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions less than a majority of the combined voting power of the then outstanding securities of the Company or any successor corporation or entity entitled to vote generally in the election of the directors of the Company or such other corporation or entity after such transaction are held in the aggregate by the holders of the Company's securities entitled to vote generally in the election of directors of the Company immediately prior to such transaction; or

(c) during any period of two consecutive years, individuals who at the beginning of any such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election by the Company's stockholders, of each director of the Company first elected during such period was approved by a vote of at least two-thirds (2/3) of the directors of the Company then still in office who were directors of the Company at the beginning of any such period.

**Section 2.7** **Code**. Code means the Internal Revenue Code of 1986, as the same may from time to time be amended.

**Section 2.8** **Committee**. Committee means the Compensation Committee of the Board or, if none, the Board or another committee designated by the Board to discharge the duties of the Committee hereunder.

**Section 2.9** **Deferral Account**. Deferral Account means the Account maintained by each Employer for each Participant in accordance with Article III hereof.

**Section 2.10** **Deferrals**. Deferrals has the meaning ascribed to it in Section 3.1(a) hereof.

**Section 2.11** **Deferred Compensation Benefit**. Deferred Compensation Benefit means, with respect to each Participant as of any date, such Participant's vested benefit as determined pursuant to Article III hereof.

**Section 2.12** **Disability**. Disability means (i) a Participant's inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less that twelve (12) months or (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, the Participant is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering the Company's employees.

**Section 2.13** **Earnings**. Earnings means the earnings credited to each Participant's Account in accordance with Section 3.1(c) hereof.

**Section 2.14** **Employer**. Employer means the Company and any Subsidiary of the Company which, with the written consent of the Company, adopts the Plan.

**Section 2.15** **Employer Contributions**. Employer Contributions has the meaning ascribed to it in Section 3.1(b) hereof.

**Section 2.16** **Employer Contributions Account.** Employer Contributions Account means the account established and maintained pursuant to Section 3.1(b) hereof.

**Section 2.17** **Participant**. Participant means a management or highly compensated employee of an Employer designated by the Committee as eligible to participate in the Plan. The Committee also may from time to time, in its sole discretion with or without cause, revoke a Participant's eligibility to participate in the Plan upon ninety (90) days' written notice. Any such revocation shall not, however, reduce any Deferred Compensation Benefits to which the Participant may be entitled at the time of such revocation. In addition, any such revocation shall not be effective until the first day of the Plan Year following the Plan Year in which such revocation occurs.

**Section 2.18** **Payment Date(s)**. Payment Date(s) means, with respect to each Participant, the commencement date(s) of the payment of such Participant's Deferred Compensation Benefits as elected in accordance with Section 3.2(a), as the same may be modified pursuant to Section 3.3(c)(iii).

**Section 2.19** **Retirement**. Retirement means a Participant's Separation from Service for any reason on or after the date such Participant attains (a) age sixty-five (65), or (b) age fifty-five (55) and ten (10) Years of Service with the Company and its Subsidiaries.

**Section 2.20** **Section 409A**. Section 409A means Section 409A of the Internal Revenue Code of 1986, as amended, and applicable guidance there under.

**Section 2.21** **Separation from Service**. Separation from Service shall mean a Participant's "separation from service" as such term is defined under Section 1.409A-1(h) of the U.S. Treasury Regulations.

**Section 2.22** **Specified Employee**. Specified Employee has the meaning ascribed to it in Section 1.409A-1(i)(1) of the U.S. Treasury Regulations.

**Section 2.23** **Subsidiary**. Subsidiary means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

**Section 2.24** **Unforeseeable Emergency**. Unforeseeable Emergency means an event which results (or will result) in severe financial hardship to the Participant as a consequence of an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as determined under Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) or loss of the Participant's property due to casualty or other similar extraordinary and unforeseen circumstances beyond the control of the Participant. Examples of what is not considered to be an Unforeseeable Emergency include the need to send a Participant's child to college and the desire to purchase a house.

**Section 2.25** **Year(s) of Service**. Year of Service means, with respect to each Participant, any Plan Year throughout which the Participant is employed by an Employer on a full-time basis, as determined by the Committee in its discretion. In determining Years of Service hereunder, the Committee may (but need not) give service credit to any Participant who takes an authorized leave of absence from his employment.

## ARTICLE III
## DEFERRED COMPENSATION BENEFITS

**Section 3.1** **Deferred Compensation Benefits.**

(a) Deferrals. In the event the Committee so allows, from time to time, each Participant may file a written election with the Committee directing his Employer to reduce his Salary and/or Bonuses and to credit the amount of any such reduction (the "Deferrals") to the Deferral Account established and maintained for such Participant pursuant to Section 3.6. Written elections hereunder shall be made in accordance with rules established by the Committee, subject to the limitations set forth in Section 3.3, and shall include the information described in Section 3.2. Deferrals shall be credited to each Participant's Deferral Account as of such time or times determined by the Committee; *provided, however,* that Deferrals of Base Salary shall be credited to each Participant's Deferral Account not less often than monthly, and Deferrals of Bonuses shall be credited to each Participant's Deferral Account not later than thirty (30) days after the date on which such Bonuses otherwise would have been paid.

(b) Employer Contributions. There shall be credited to the Employer Contributions Account established and maintained for each Participant pursuant to Section 3.6 an amount as determined by the Committee from time to time, which amount may, but need not, be related to any of such Participant's Deferrals (the "Employer Contributions"). Employer Contributions shall be credited to each Participant's Employer Contributions Account as of such time or times determined by the Committee, but Employer Contributions that are related to Deferrals shall be credited not later than the date on which the related Deferrals are credited to the Participant's Deferral Account.

(c) Earnings. From time to time, there shall be credited to the Deferral Account and the Employer Contributions Account established and maintained for each Participant pursuant to Section 3.6 Earnings with respect to Deferrals, Employer Contributions and Earnings previously credited to such Accounts in accordance herewith. The rate of Earnings shall be determined from time to time by the Committee and may be commensurate with the rate of return (positive or negative) on securities (including Company stock) selected by the Committee; provided, however, that after the occurrence of a Change in Control, the rate of Earnings shall not be less than 6% per annum. Until such time as the Committee determines otherwise, the rate of Earnings for any Plan Year shall equal the rate of return earned on a hypothetical investment in a fund having an identical rate of return as the S&P 500 Total Return Index. Earnings shall be credited to each Participant's Deferral Account and Employer Contributions Account as of such time or times determined by the Committee.

(d) Vesting.

(i) Each Participant shall at all times be 100% vested in Deferrals and Earnings credited to his Deferral Account.

(ii) As to Employer Contributions and any Earnings on such contributions, each Participant shall become vested based upon the Participant's Years of Service following the Plan Year to which the Employer Contribution relates. Such vesting shall be determined in accordance with the following table:

| Years of Service after Plan Year to which Employer Contributions Relate | Percentage Vested in such Employer Contributions and Earnings thereon |
| --- | --- |
| 1 | 25% |
| 2 | 50% |
| 3 | 75% |
| 4 | 100% |

(iii) Notwithstanding anything herein to the contrary, each Participant shall become 100% vested in amounts credited to his Employer Contributions Account upon termination of such Participant's employment with the Employer by reason of death or Retirement or upon the occurrence of a Change in Control or Participant's Disability; provided, however, that the Participant shall not become vested upon the occurrence of a Change in Control to the extent such vesting would cause any portion of his Deferred Compensation Benefits to constitute an "excess parachute payment" under Code Section 280G. The Committee in its discretion shall determine whether and to what extent any Deferred Compensation Benefits constitute "excess parachute payments" hereunder.

**Section 3.2 Payment of Deferred Compensation Benefits.**

(a) Payment Dates Generally. Each deferral election, if any, described in Section 3.1(a) shall also contain the Participant's election regarding the Payment Date for the portion of his Deferred Compensation Benefits to which such election relates. The Payment Date may be any date or time specified by the Participant and permitted by the Committee, subject to the following limitations:

(i) Except as otherwise set forth in Section 3.4, a Participant shall not be entitled to receive payment of any portion of his Deferred Compensation Benefits earlier than the first to occur of (A) sixty (60) days after the Participant's Separation from Service; (B) the date of the Participant's Disability; or (C) the date of the Participant's death.

(ii) Payment of a Participant's Deferred Compensation Benefits must commence on or before the later of (A) sixty (60) days after the Participant's Separation from Service, or (B) the fifteenth (15th) day of the month next following the month in which such Participant attains age sixty-five (65).

(iii) Payment of a Participant's Deferred Compensation Benefits may begin on as many as, but not more than, three (3) different Payment Dates.

(iv) The form of payment of any Deferred Compensation Benefits (as determined under subparagraph (b) below) that begin on a particular Payment Date must be the same.

In the absence of the Participant properly electing a Payment Date with respect to any portion of his Deferred Compensation Benefits, the applicable Payment Date shall be sixty (60) days after the Participant's Separation from Service.

(b) Form of Payment. Each deferral election described in Section 3.1(a) shall also contain the Participant's election regarding the form of payment of the portion of his Account to which such election applies. In each election form, the Participant may elect to receive payment of the portion of his Deferred Compensation Benefits to which such election relates in one (but not more than one) of the following forms:

(i) a lump sum payment; or

(ii) to the extent permitted by the Committee in its discretion, in equal monthly installments over a period not exceeding sixty (60) months.

In the absence of the Participant properly electing a form of payment with respect to any portion of his Deferred Compensation Benefits, the applicable form of payment shall be a lump sum payment.

Deferred Compensation Benefits shall be paid in cash, unless the Participant or Beneficiary consents to payment in the form of other property.

**Section 3.3 Deferral Elections; Modifications.**

(a) Deferral Elections Generally. Each written election described in Section 3.1(a) shall be made at such time and in such manner as determined by the Committee, but in no event later than December 31 of the year prior to the beginning of the Plan Year for which it is to be effective; *provided, however,* that in the year in which a Participant first becomes eligible to participate in the Plan, such election may be made within thirty (30) days after the Participant becomes eligible to participate, but such election shall be effective only with respect to compensation for services performed after the date the election is made. Except as otherwise provided in subparagraph (c) or on an election form, any elections as to Payment Dates or form of benefit made pursuant to Section 3.2 shall be irrevocable as to any Deferred Compensation Benefits that accrue while such elections are in effect.

(b) Certain Limitations on Deferrals. For any Plan Year, a Participant may not defer any amount in excess of 50% of the Base Salary and 100% of the Bonuses earned by the Participant during the Plan Year. Except as otherwise provided in subparagraph (a), a Participant may defer hereunder only Base Salary and Bonuses that are earned on or after the date the election is filed with the Committee.

(c) Termination or Modification of Elections. Notwithstanding the last sentence of subparagraph (a):

(i) no revocation of a written election described in Section 3.1(a) shall take effect until the first day of the Plan Year following the Plan Year in which the Committee receives such revocation;

(ii) a written election described in Section 3.1(a) shall automatically terminate on the earliest to occur of (A) the termination of a Participant's employment by his Employer for any reason or (B) the termination of the Plan; and

(iii) if permitted by the Committee in its sole discretion, a Participant may change any Payment Date (but not the form of benefit) previously designated by the Participant pursuant to Section 3.2, *provided, however,* that: (A) the Participant must make an election designating the new Payment Date at least twelve (12) months prior to the Payment Date previously designated; (B) such election shall not take effect until at least twelve (12) months after the date on which it is made; (C) the new Payment Date must be at least five (5) years later in time than the Payment Date previously designated; (D) all payments that otherwise would have begun on the Payment Date previously designated must, after such change, begin on the new Payment Date; and (E) the new Payment Date designated by the Participant must otherwise comply with the requirements of Section 3.2.

**Section 3.4 Special Rules Related to Distributions.**

(a) Unforeseeable Emergency Distributions. The Committee may at any time, upon written request of the Participant, cause to be paid to such Participant an amount equal to all or any part of such Participant's Deferred Compensation Benefits if the Committee determines, in its absolute discretion based on such reasonable evidence that it shall require, that such a payment or payments is necessary for the purpose of alleviating the consequences of an Unforeseeable Emergency occurring with respect to the Participant. This decision will be determined based upon the relevant facts and circumstances of each case. Payments of amounts because of an Unforeseeable Emergency shall be permitted only to the extent reasonably necessary to satisfy the emergency need (including amounts necessary to pay any Federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the distribution) and shall not be permitted to the extent such need may be relieved through reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets (to the extent liquidation would not itself cause severe financial hardship), or by the cessation of deferrals under the Plan.

(b) Small Accounts. If a Participant's Account is $18,000 (this amount shall be adjusted annually for cost-of-living increases consistent with Section 402(g)(4) of the Code) or less at the time of the Participant's Separation from Service, such Participant's Deferred Compensation Benefits shall automatically be paid to him in a single lump sum payment as soon as practicable following his Separation from Service.

**Section 3.5 Withholding**. Each Employer shall withhold from a Participant's Base Salary or Bonus such amounts as are necessary to satisfy its withholding obligations thereunder as to any Deferrals by the Participant. In addition, each Employer shall deduct from any distributions hereunder any taxes or other amounts required by law to be withheld therefrom.

**Section 3.6 Participants' Accounts**. Each Employer shall establish and maintain a Deferral Account and an Employer Contributions Account for each Participant and such sub-accounts as the Committee deems necessary or appropriate. Each Deferral Account so established shall be credited as appropriate for Deferrals and Earnings with respect to such Deferrals and debited for any distributions from such Account. Each Employer Contributions Account so established shall be credited as appropriate for Employer Contributions and Earnings with respect to such Employer Contributions and debited for any distributions from such Account.

**Section 3.7 Delay of Payment for Specified Employees**. Notwithstanding anything to the contrary in this Plan, if the Committee determines that upon a Participant's Separation from Service from the Company (or at such other time that the Committee determines to be relevant) the Participant is a

Specified Employee of the Company and that any payments to be provided to the Participant pursuant to this Plan upon the Participant's Separation from Service are or may become subject to the additional tax under Section 409A(a)(1)(B) of the Code or any other taxes or penalties imposed under Section 409A of the Code ("Section 409A Taxes") if provided at the time otherwise required under this Plan, then such payments shall be delayed until the date that is six months after the date of the Participant's Separation from Service from the Company, or such shorter period that, as determined by the Committee, is sufficient to avoid the imposition of Section 409A Taxes (the "Payment Delay Period"). Any payments delayed pursuant to this Section 3.7 shall be made in a lump sum on the first day of the seventh month following the Participant's Separation from Service, or such earlier date that, as determined by the Committee, is sufficient to avoid the imposition of any Section 409A Taxes.

## ARTICLE IV
## BENEFICIARIES

**Section 4.1** **Beneficiary Designations**. A designation of a Beneficiary hereunder may be made only by an instrument (in form acceptable to the Committee) signed by the Participant and filed with the Committee prior to the Participant's death. In the absence of such a designation and at any other time when there is no existing Beneficiary designated hereunder, the Beneficiary of a Participant shall be his estate. A person designated by a Participant as his Beneficiary who dies or which ceases to exist shall not be entitled to any part of any payment thereafter to be made to the Participant's Beneficiary unless the Participant's designation specifically provides to the contrary. If two or more persons designated as a Participant's Beneficiary are in existence with respect to a single Deferred Compensation Benefit, the amount of any payment to the Beneficiary under this Plan shall be divided equally among such persons, unless the Participant's designation specifically provided to the contrary.

**Section 4.2** **Change in Beneficiary**. A Participant may, at any time and from time to time, change a Beneficiary designation hereunder without the consent of any existing Beneficiary or any other person. Any change in Beneficiary shall be made by giving written notice thereof to the Committee and any change shall be effective only if received by the Committee prior to the death of the Participant.

**Section 4.3** **Distributions to Beneficiaries**. The Beneficiary or Beneficiaries of a Participant shall be entitled to receive the unpaid Deferred Compensation Benefits to which the Participant was entitled at his death payable in a lump sum as soon as practicable following the date of the Participant's death.

## ARTICLE V
## MISCELLANEOUS

**Section 5.1** **Liability of Employer**. Nothing in this Plan shall constitute the creation of a trust or other fiduciary relationship between an Employer and any Participant, Beneficiary or any other person.

**Section 5.2** **Ownership of Assets; Relationship with Company**. Notwithstanding anything herein to the contrary, Participants shall have no right, title or interest whatsoever in or to the Accounts or the Deferred Compensation Benefits. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind or a fiduciary relationship between the Company and any Participant or any other person. To the extent that any person acquires a right to receive payments from the Company under this Plan, such right shall be no greater than the right of an unsecured general creditor of the Company.

**Section 5.3** **No Guarantee of Employment**. Nothing in this Plan shall be construed as guaranteeing future employment to any Participant. Without limiting the generality of the preceding sentence, except as otherwise set forth in a written agreement, a Participant continues to be an employee of an Employer solely at the will of such Employer subject to discharge at any time, with or without cause.

**Section 5.4** **Payment to Guardian**. If a benefit payable hereunder is payable to a minor, to a person declared incompetent or to a person incapable of handling the disposition of his property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or person. The Committee may require such proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution of the benefit. Such distribution shall completely discharge the Employers from all liability with respect to such benefit.

**Section 5.5** **Assignment**. No right or interest under this Plan of any Participant or Beneficiary shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of the Participant or Beneficiary.

**Section 5.6** **Severability**. If any provision of this Plan or the application thereof to any circumstance(s) or person(s) is held to be invalid by a court of competent jurisdiction, the remainder of the Plan and the application of such provision to other circumstances or persons shall not be affected thereby.

**Section 5.7** **Expenses; Liability for Benefits**. Each Employer shall be liable for the payment of the Deferred Compensation Benefits which are payable hereunder to its employees and for its pro rata portion of the expenses of administering the Plan, as determined by the Committee.

**Section 5.8** **Top Hat Plan**. The Plan is designed primarily for purposes of providing benefits for a select group of management and highly compensated employees of the Company and its Subsidiaries that adopt the Plan. It is intended to qualify as a "top hat" plan under Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended.

## ARTICLE VI
## ADMINISTRATION OF PLAN

**Section 6.1** **Administration.**

(a) **General.** The Plan shall be administered by the Committee. The Committee shall have sole and absolute discretion to interpret where necessary all provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to determine the rights and status under the Plan of Participants or other persons, to resolve questions or disputes arising under the Plan and to make any determinations with respect to the benefits payable under the Plan and the persons entitled thereto as may be necessary for the purposes of the Plan. The Committee's determination of the rights of any employee or former employee hereunder shall be final and binding on all persons, subject only to the appeal provisions outlined in Section 6.3 hereof.

(b) **Compliance with Section 409A.** The Plan is intended to comply with or be exempt from (as applicable) the provisions of Section 409A, and the Committee shall interpret the Plan in a manner consistent therewith. Notwithstanding anything to the contrary, in the event the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A, to the extent permitted by 409A, the Company may (i) adopt such amendments to this Plan and policies and procedures, including amendments and policies with retroactive effect, that the Company determines are necessary or appropriate to preserve the intended tax treatment of the Plan and/or (ii) take such other actions as the Company determines are necessary or appropriate to comply with the requirements of Section 409A. For purposes of Section 409A, a Participant's right to receive installment payments pursuant to the Plan shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall be considered at all times a separate and distinct payment.

None of the Company, its affiliates or their respective managers, directors, officers, employees or advisors (A) makes any representations with respect to the application of Section 409A to the Plan, and (B) shall be held liable for any taxes, interest, penalties or other monetary amounts owned by an Participant or other taxpayer as a result of the Plan.

(c) **Delegation of Duties.** The Committee may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of Deferred Compensation Benefits, to a named administrator or administrators.

**Section 6.2** **Regulations**. The Committee may promulgate any rules and regulations it deems necessary in order to carry out the purposes of the Plan or to interpret the provisions of the Plan; *provided, however,* that no rule, regulation or interpretation shall be contrary to the provisions of the Plan. The rules, regulations and interpretations made by the Committee shall, subject only to the appeal provisions outlined in Section 6.3 hereof, be final and binding on all persons.

**Section 6.3** **Appeal Provisions**. The Committee shall determine the rights of any employee or former employee to any Deferred Compensation Benefits hereunder. Any employee or former employee who believes that he has not received the Deferred Compensation Benefits to which he is entitled under the Plan may file a claim in writing with the Committee. The Committee shall, no later than 90 days after the receipt of a claim (unless special circumstances require an extension of up to 90 additional days, provided that written notice of the extension of time is given to the claimant within the first 90 day period), either allow or deny the claim in writing. If a claimant does not receive written notice of the Committee's decision on his claim within the above-mentioned period, the claim shall be deemed to have been denied in full.

A denial of a claim by the Committee, wholly or partially, shall be written in a manner calculated to be understood by the claimant and shall include:

(a) the specific reasons for the denial;

(b) specific reference to pertinent Plan provisions on which the denial is based;

(c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(d) an explanation of the claim review procedure.

A claimant whose claim is denied (or his duly authorized representative) may within 60 days after receipt of denial of a claim file with the Committee a written request for a review of such claim. If the claimant does not file a request for review of his claim within such 60-day period, the claimant shall be deemed to have acquiesced in the original decision of the Committee on his claim. If such an appeal is so filed within such 60-day period, the Company (or its delegate) shall conduct a full and fair review of such claim. During such review, the claimant shall be given the opportunity to review documents that are pertinent to his claim and to submit issues and comments in writing.

The Company shall mail or deliver to the claimant a written decision on the matter based on the facts and the pertinent provisions of the Plan within 60 days after the receipt of the request for review (unless special circumstances require an extension of up to 60 additional days, in which case written notice of such extension shall be given to the claimant prior to the commencement of such extension). Such decision shall be written in a manner calculated to be understood by the claimant, shall state the specific reasons for the decision and the specific Plan provisions on which the decision was based and shall, to the extent permitted by law, be final and binding on all interested persons. If the decision on review is not furnished to the claimant within the above-mentioned time period, the claim shall be deemed to have been denied on review.

**Section 6.4** **Revocability of Committee/Company Action** . Any action taken by the Committee with respect to the rights or benefits under the Plan of any employee or former employee shall be revocable by the Committee as to payments not yet made to such person, and acceptance of any Deferred Compensation Benefits under the Plan constitutes acceptance of and agreement to the Committee’s or the Company’s making any appropriate adjustments in future payments to such person (or to recover from such person) any excess payment or underpayment previously made to him.

**Section 6.5** **Amendment**. The Committee may at any time (without the consent of any Subsidiary which adopts the Plan) amend any or all of the provisions of this Plan, except that no such amendment may (a) reduce the balance of any Participant’s Account as of the date of such amendment, (b) change the time or form of distribution from a Participant’s Account or (c) change the provisions of the Plan applicable to a Participant’s Account upon a Change in Control, without the prior written consent of such Participant. Any amendment shall be in the form of a written instrument executed by an officer of the Company pursuant to a resolution adopted by the Committee. Subject to the foregoing provisions of this Section 6.5, such amendment shall become effective as of the date specified in such instrument or, if no such date is specified, on the date of its execution.

**Section 6.6** **Termination**. The Committee, in its discretion (without the consent of any Subsidiary which adopts the Plan), may terminate this Plan and pay amounts due hereunder to the full extent permitted by and in accordance with Section 409A of the Code (including, but not limited to, Section 1.409A-3(j)(4)(ix) of the U.S. Treasury Regulations), except that no such termination may (a) reduce the balance of any Participant’s Account as of the date of such termination or (b) materially change the provisions of the Plan applicable to a Participant’s Account upon a Change in Control, without the prior written consent of such Participant. Any such termination shall be expressed in the form of a written instrument executed by an officer of the Company pursuant to a resolution adopted by the Committee. Subject to the foregoing provisions of this Section 6.6, such termination shall become effective as of the date specified in such instrument or, if no such date is specified, on the date of its execution. Written notice of any termination shall be given to the Participants as soon as practicable after the instrument is executed.

*[Signature Page to Follow]*

Executed this 2nd day of November, 2016.

TRIANGLE CAPITAL CORPORATION

By: /s/ E. Ashton Poole

Its: President & CEO

**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, E. Ashton Poole, 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/ E. ASHTON POOLE

E. Ashton Poole
Chief Executive Officer

November 2, 2016

**Exhibit 31.2**

**Certification of Chief Financial 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

November 2, 2016

**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 September 30, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, E. Ashton Poole, 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/ E. ASHTON POOLE

E. Ashton Poole
Chief Executive Officer

November 2, 2016

**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 September 30, 2016 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

November 2, 2016