UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 814-00733

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

Maryland	**06-1798488**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
3700 Glenwood Avenue, Suite 530 **Raleigh, North Carolina**	**27612**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(919) 719-4770
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $0.001 per share	The New York Stock Exchange
6.375% Notes Due (December) 2022	The New York Stock Exchange
6.375% Notes Due (March) 2022	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No R
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No R
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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐
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 ☐	Smaller reporting company ☐
		(Do not check if a smaller reporting company)	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑
The aggregate market value of the voting common stock held by non-affiliates of the registrant (assuming solely for the purpose of this disclosure that all executive officers, directors and 10% or more stockholders of the registrant are "affiliates") as of June 30, 2017, based on the closing price on that date of $17.62 on the New York Stock Exchange, was $814,475,285.
The number of shares outstanding of the registrant's common stock on February 28, 2018 was 48,024,614.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement relating to the 2018 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of the Registrant's fiscal year, are incorporated by reference in Part III of this Annual Report on Form 10-K as indicated herein.

TRIANGLE CAPITAL CORPORATION

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ANNUAL REPORT ON FORM 10-K
For the Fiscal Year Ended December 31, 2017

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements regarding the plans and objectives of management for future operations. Any such forward-looking statements may involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "intend," "target," "goals," "plan," "forecast," "project," other variations on these words or comparable terminology, or the negative of these words. These forward-looking statements are based on assumptions that may be incorrect, and we cannot assure you that the projections included in these forward-looking statements will come to pass. Our actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors, including the factors discussed in Item 1A entitled "Risk Factors" in Part I of this Annual Report on Form 10-K and elsewhere in this Annual Report on Form 10-K. Other factors that could cause actual results to differ materially include changes in the economy and future changes in laws or regulations and conditions in our operating areas.

We have based the forward-looking statements included in this Annual Report on Form 10-K on information available to us on the date of this Annual Report on Form 10-K, and we assume no obligation to update any such forward-looking statements, unless we are required to do so by applicable law. However, 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, including subsequent annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

PART I

Item 1. *Business.*

Organization

We are a Maryland corporation formed on October 10, 2006, for the purposes of acquiring 100% of the equity interests in Triangle Mezzanine Fund LLLP (“Triangle SBIC”) and its general partner, Triangle Mezzanine LLC, raising capital in our initial public offering, which was completed in February 2007 (the “IPO”), and thereafter operating as an internally managed business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). On December 15, 2009, Triangle Mezzanine Fund II, LP (“Triangle SBIC II”) was organized as a limited partnership under the laws of the State of Delaware and on March 26, 2012, Triangle Mezzanine Fund III, LP (“Triangle SBIC III”) was organized as a limited partnership under the laws of the State of Delaware. Triangle SBIC’s Small Business Investment Company (“SBIC”) license from the United States Small Business Administration (the “SBA”) became effective on September 11, 2003, Triangle SBIC II’s SBIC license became effective on May 26, 2010 and Triangle SBIC III’s SBIC license became effective on January 6, 2017. Unless otherwise noted, the terms “we,” “us,” “our” and “Triangle” refer to Triangle SBIC prior to the IPO and to Triangle Capital Corporation and its subsidiaries, including Triangle SBIC, Triangle SBIC II and Triangle SBIC III, after the IPO. Both we and Triangle SBIC individually are closed-end, non-diversified investment companies that have elected to be treated as BDCs under the 1940 Act.

Our headquarters are in Raleigh, North Carolina, and our Internet address is www.tcap.com. We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. We make available free of charge through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to these reports, as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the Securities and Exchange Commission (the “SEC”). Copies of this Annual Report and other reports are also available without charge upon written request to us.

Overview of our Business

We are a specialty finance company that provides customized financing primarily to lower middle market companies located in the United States. We define lower middle market companies as those having annual revenues between $10.0 million and $250.0 million. Our investment objective is to seek attractive returns by generating current income from our debt investments and capital appreciation from our equity-related investments. Our investment strategy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest in senior and subordinated debt securities of privately held companies, generally secured by security interests in portfolio company assets. In addition, we generally invest in one or more equity instruments of the borrower, such as direct preferred or common equity interests. We generally invest in securities that would be rated below investment grade if they were rated. Such below investment grade securities are often referred to as "high yield" or "junk."

We focus on investments in companies with histories of generating revenues and positive cash flows, established market positions and proven management teams with strong operating discipline. Our target portfolio company has annual revenues between $20.0 million and $300.0 million and annual earnings before interest, taxes, depreciation and amortization (“EBITDA”) between $5.0 million and $75.0 million. We believe that these companies have less access to capital and that the market for such capital is underserved relative to larger companies. Companies of this size are generally privately held and are less well known to traditional capital sources such as commercial and investment banks.

Our investments generally range from $5.0 to $50.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments. We operate Triangle SBIC, Triangle SBIC II and Triangle SBIC III as SBICs and utilize the proceeds from the sale of SBA-guaranteed debentures, referred to herein as SBA leverage, to enhance returns to our stockholders. As of December 31, 2017, we had investments in 89 portfolio companies, with an aggregate cost of approximately $1.1 billion.

Our Business Strategy

We seek attractive returns by generating current income from our debt investments and capital appreciation from our equity-related investments by:

- *Utilizing Long-Standing Relationships to Source Deals.* Our senior management team maintains extensive relationships with entrepreneurs, financial sponsors, attorneys, accountants, investment bankers, commercial bankers and other non-bank providers of capital who refer prospective portfolio companies to us. These relationships historically have generated significant investment opportunities. We believe that our network of relationships will continue to produce attractive investment opportunities.
- *Focusing on Underserved Markets.* The lower middle market has traditionally been underserved. We believe that operating margin and growth pressures, as well as regulatory concerns, have caused financial institutions to de-emphasize services to lower middle market companies in favor of larger corporate clients and more liquid capital market transactions. We believe these dynamics have resulted in the financing market for lower middle market companies to be underserved, providing us with greater investment opportunities.
- *Providing Customized Financing Solutions.* We offer a variety of financing structures and have the flexibility to structure our investments to meet the needs of our portfolio companies. Typically we invest in senior and subordinated debt securities, coupled with equity interests. We believe our ability to customize financing arrangements makes us an attractive partner to lower middle market companies.
- *Leveraging the Experience of Our Management Team*. Our senior management team has extensive experience advising, investing in, lending to and operating companies across changing market cycles. The members of our management team have diverse investment backgrounds, with prior experience at investment banks, commercial banks, and privately and publicly held companies in the capacity of executive officers. We believe this diverse experience provides us with an in depth understanding of the strategic, financial and operational challenges and opportunities of the lower middle market companies in which we invest. We believe this understanding allows us to select and structure better investments and to efficiently monitor and provide managerial assistance to our portfolio companies.
- *Applying Rigorous Underwriting Policies and Active Portfolio Management*. Our senior management team has implemented rigorous underwriting policies that are followed in each transaction. These policies include a thorough analysis of each potential portfolio company’s competitive position, financial performance, management team operating discipline, growth potential and industry attractiveness, which we believe allows us to better assess the company’s prospects. After investing in a company, we monitor the investment closely, typically receiving monthly, quarterly and annual financial statements. We analyze and discuss in detail the company’s financial performance with management in addition to participating in regular board of directors meetings. We believe that our initial and ongoing portfolio review process allows us to monitor effectively the performance and prospects of our portfolio companies.
- *Taking Advantage of Low Cost Debentures Guaranteed by the SBA.* The licenses of Triangle SBIC, Triangle SBIC II and Triangle SBIC III to do business as SBICs allow them (subject to availability, SBA approval, and continued regulatory compliance) to issue fixed-rate, low interest debentures which are guaranteed by the SBA and sold in the capital markets, potentially allowing us to increase our net investment income beyond the levels achievable by other BDCs utilizing traditional leverage.
- *Financing Our Investment Portfolio with Long-Term Capital.* In addition to proceeds from sales of shares of our common stock and proceeds from issuance of SBA-guaranteed debentures by our SBIC subsidiaries, we have outstanding unsecured notes with original terms of seven to ten years.
- *Maintaining Portfolio Diversification.* While we focus our investments in lower middle market companies, we seek to invest across various industries. We monitor our investment portfolio to ensure we have acceptable industry balance, using industry and market metrics as key indicators. By monitoring our investment portfolio for industry balance, we seek to reduce the effects of economic downturns associated with any particular industry or market sector. Notwithstanding our intent to invest across a variety of industries, we may from time to time hold securities of a single portfolio company that comprise more than 5.0% of our total assets and/or more than 10.0% of the outstanding voting securities of the portfolio

company. For that reason, we are classified as a non-diversified management investment company under the 1940 Act.

Investments

Debt Investments

We tailor the terms of our debt investments to the facts and circumstances of each transaction and prospective portfolio company, negotiating a structure that seeks to protect our rights and manage our risk while creating incentives for the portfolio company to achieve its business plan. To that end, we typically seek board observation rights with each of our portfolio companies and offer managerial assistance. We also seek to limit the downside risks of our investments by negotiating covenants that are designed to protect our investments while affording our portfolio companies as much flexibility in managing their businesses as possible. Such restrictions may include affirmative and negative covenants, default penalties, lien protections, change of control provisions and put rights. We typically include a prepayment penalty structure to enhance our potential total return on our investments.

We invest in senior and subordinated debt securities of privately held companies, generally secured by security interests in portfolio company assets. Our senior and subordinated debt investments generally have terms of three to seven years, do not have scheduled amortization and are due at maturity. Our senior secured debt investments generally provide for variable interest at rates ranging from LIBOR plus 550 basis points to LIBOR plus 950 basis points per annum. In addition, our subordinated debt investments generally provide for fixed interest rates between 10.0% and 15.0% per annum. Our subordinated debt investments generally are secured by a second priority security interest in the assets of the borrower and generally include an equity component, such as common stock in the portfolio company. In addition, certain loan investments may have a form of interest that is not paid currently but is accrued and added to the loan balance and paid at the end of the term, referred to as payment-in-kind ("PIK") interest. In our negotiations with potential portfolio companies, we generally seek to minimize PIK interest as such income is taxable in the year accrued, and we may have to borrow money or raise additional capital in order to meet the requirement of generally having to pay out at least 90.0% of our taxable income to continue to qualify for tax treatment as a regulated investment company ("RIC") for U.S. federal income tax purposes. At December 31, 2017, the weighted average yield on our outstanding debt investments other than non-accrual debt investments was approximately 11.0%, the weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 9.6% and the weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 8.5%.

An SBIC may make investments in the form of loans, debt securities, which include an equity feature, or equity only securities. Loans and debt securities must be issued for a term of not less than one year (except for bridge loans in anticipation of a permanent financing in which the SBIC intends to participate, or to protect its prior investment) and must have amortization not exceeding “straight line.” The permissible interest rate on loans is the higher of (i) 19% or (ii) 11% over the higher of the SBIC’s weighted cost of debenture leverage or the current debenture rate. For debt securities, the permitted rate is the higher of (i) 14% or (ii) 6% over the higher of the SBIC’s weighted cost of debenture leverage or the current debenture rate. If a financing is in default, these maximums may increase by up to 7%. SBA regulations define an SBIC’s weighted cost of debenture leverage and describe the permitted rate when more than one SBIC participates in the financing.

Equity Investments

We may acquire equity interests in portfolio companies. We generally seek to structure our equity investments as non-control investments to provide us with minority rights and event-driven or time-driven puts. We also seek to obtain registration rights in connection with these investments, which may include demand and “piggyback” registration rights, board seats and board observation rights. Our investments have in the past and may in the future contain a synthetic equity position pursuant to a formula typically setting forth royalty rights we may exercise in accordance with such formula.

Investment Criteria

We utilize the following criteria and guidelines in evaluating investment opportunities. However, not all of these criteria and guidelines have been, or will be, met in connection with each of our investments.

- *Established Companies With Positive Cash Flow.* We seek to invest in established companies with a history of generating revenues and positive cash flows. We typically focus on companies with a history of profitability and minimum trailing twelve month EBITDA of $3.0 million. We generally do not invest in start-up companies, distressed situations, "turn-around" situations or companies that we believe have unproven business plans.
- *Experienced Management Teams With Meaningful Equity Ownership.* Based on our prior investment experience, we believe that a management team with significant experience with a portfolio company or relevant industry experience and meaningful equity ownership is essential to the long-term success of the portfolio company. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.
- *Strong Competitive Position.* We seek to invest in companies that have developed strong positions within their respective markets, are well positioned to capitalize on growth opportunities and compete in industries with barriers to entry. We also seek to invest in companies that exhibit a competitive advantage, which may help to protect their market position and profitability.
- *Varied Customer and Supplier Bases.* We prefer to invest in companies that have varied customer and supplier bases. Companies with varied customer and supplier bases are generally better able to endure economic downturns, industry consolidation and shifting customer preferences.
- *Significant Invested Capital.* We believe the existence of significant underlying equity value provides important support to investments. We look for portfolio companies that we believe have sufficient value beyond the layer of the capital structure in which we invest.

Investment Committees

Triangle Capital Corporation has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle Capital Corporation or any of its subsidiaries, other than investments made by Triangle SBIC, Triangle SBIC II and Triangle SBIC III. The members of the Triangle Capital Corporation investment committee are Messrs. E. Ashton Poole, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan, James J. Burke and Matthew A. Young.

Triangle SBIC has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC. The members of Triangle SBIC's investment committee are Messrs. E. Ashton Poole, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan, James J. Burke and Matthew A. Young.

Triangle SBIC II has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC II. The members of Triangle SBIC II's investment committee are Messrs. E. Ashton Poole, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan, James J. Burke, and Matthew A. Young.

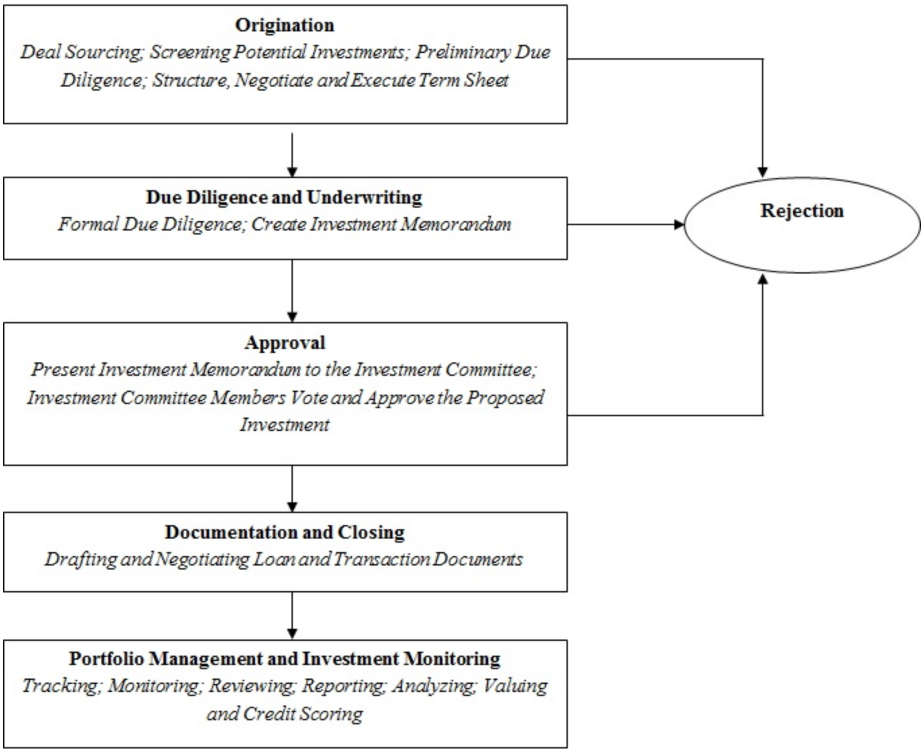
Triangle SBIC III has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC III. The members of Triangle SBIC III's investment committee are Messrs. E. Ashton Poole, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan, James J. Burke and Matthew A. Young. For purposes of the discussion herein, any reference to the "investment committee" refers to the investment committees for each of Triangle Capital Corporation, Triangle SBIC, Triangle SBIC II and Triangle SBIC III.

Investment Process

Our investment committee meets once a week and also meets on an as needed basis depending on transaction volume. Our investment committee has organized our investment process into five distinct stages:

- Origination
- Due Diligence and Underwriting
- Approval
- Documentation and Closing
- Portfolio Management and Investment Monitoring

Our investment process is summarized in the following chart:



Origination

The origination process for our investments is overseen by the Company's Chief Origination Officer and includes sourcing, screening, preliminary due diligence, transaction structuring and negotiation. Our investment professionals utilize their extensive relationships with various financial sponsors, entrepreneurs, attorneys, accountants, investment bankers and other non-bank providers of capital to source transactions with prospective portfolio companies.

If a transaction meets our investment criteria, we perform preliminary due diligence, taking into consideration some or all of the following factors:

- a comprehensive financial model that we prepare based on quantitative analysis of historical financial performance, financial projections and pro forma financial ratios assuming investment;
- the competitive landscape surrounding the potential investment;
- strengths and weaknesses of the potential investment's business strategy and industry;
- results of a broad qualitative analysis of the company's management team, products or services, market position, market dynamics and customers and suppliers; and
- potential investment structures, certain financing ratios and investment pricing terms.

If the results of our preliminary due diligence are satisfactory, the origination team prepares a Summary Transaction Memorandum, which is presented to our investment committee. If our investment committee recommends moving forward, we may issue a non-binding term sheet to the potential portfolio company. Upon this approval, we begin our formal due diligence and underwriting process as we move toward investment approval.

Due Diligence and Underwriting

Our due diligence on a prospective investment is completed by a minimum of three investment professionals, which we refer to as the underwriting team. The members of the underwriting team work together to conduct due diligence and to understand the relationships among the prospective portfolio company's business plan, operations and financial performance through various methods, including, among others, on-site visits with management, in-depth review of historical and projected financial data, interviews with customers and suppliers, evaluations of management and background checks, third-party accounting reports and review of any material contracts.

In most circumstances, we utilize outside experts to review the legal affairs and accounting systems of a prospective portfolio company. Where appropriate, we also engage specialists to investigate issues like environmental matters and general industry outlooks. During the underwriting process, significant attention is given to sensitivity analysis and how companies might be expected to perform in a protracted "downside" operating environment. In addition, we analyze key financing ratios and other industry metrics, including total debt to EBITDA, EBITDA to fixed charges, EBITDA to total interest expense, total debt to total capitalization and total senior debt to total capitalization.

Upon completion of a satisfactory due diligence review and as part of our evaluation of a proposed investment, the underwriting team prepares an Investment Committee Memorandum. The Investment Committee Memorandum includes information about the potential portfolio company such as its history, business strategy, potential strengths and risks involved, analysis of key customers, contracts and suppliers, third-party consultant findings, expected returns on investment structure, anticipated sources of repayment and exit strategies, analysis of historical financial statements, and potential capitalization and ownership.

Approval

The underwriting team for the proposed investment presents the Investment Committee Memorandum to our investment committee for consideration and approval. After reviewing the Investment Committee Memorandum, members of the investment committee may request additional due diligence or modify the proposed financing structure or terms of the proposed investment. Before we proceed with any investment, the investment committee must approve the proposed investment by the affirmative vote from a majority of the investment committee members. In addition, all proposed investments must be approved by the Company's Chief Origination Officer, or, in the case of proposed investments presented by the Chief Origination Officer, the Company's Chief Credit Officer. Upon receipt of transaction approval, the underwriting team proceeds to document the transaction.

Documentation and Closing

The underwriting team is responsible for all documentation related to investment closings, with oversight of the documentation and closing phase overseen by the Company's Chief Administrative Officer. The Chief Administrative Officer has final approval on all investment legal documentation in order to ensure consistency with the Company's documentation practices. In addition, we rely on law firms with whom we have worked on multiple transactions to help us complete the necessary documentation associated with transaction closings. If a transaction changes materially from what was originally approved by the investment committee, the underwriting team requests a formal meeting of the investment committee to communicate the contemplated changes. The investment committee has the right to approve the amended transaction structure, to suggest alternative structures or not to approve the contemplated changes.

Portfolio Management and Investment Monitoring

Our portfolio management and investment monitoring processes are overseen by the Company's Chief Credit Officer. Our investment professionals generally employ several methods of evaluating and monitoring the performance of our portfolio companies, which, depending on the particular investment, may include the following specific processes, procedures and reports:

- monthly and quarterly reviews of actual financial performance versus the corresponding period of the prior year and financial projections;
- monthly and quarterly monitoring of all financial and other covenants;
- reviews of senior lender loan compliance certificates, where applicable;
- quarterly reviews of operating results and general business performance, including the preparation of a portfolio monitoring report which is distributed to members of our investment committee;
- periodic face-to-face meetings with management teams and financial sponsors of portfolio companies; and
- attendance at portfolio company board meetings through board seats or observation rights.

In the event that our investment committee determines that an investment is underperforming, or circumstances suggest that the risk associated with a particular investment has significantly increased, we undertake to monitor more closely the affected portfolio company. The level of monitoring of an investment is determined by a number of factors, including, but not limited to, trends in the financial performance of the portfolio company, the investment structure and the type of collateral securing our investment, if any.

We also monitor a wide variety of key credit statistics that provide information regarding our portfolio companies to help us assess credit quality and portfolio performance. We generally require our portfolio companies to have annual financial audits in addition to monthly and quarterly unaudited financial statements. Using these statements, we calculate and evaluate certain financing ratios. For purposes of analyzing the financial performance of our portfolio companies, we may make certain adjustments to their financial statements to reflect the pro forma results of the portfolio company consistent with a change of control transaction, to reflect anticipated cost savings resulting from a merger or restructuring, costs related to new product development, compensation to previous owners, and other acquisition or restructuring related items.

Valuation Process and Determination of Net Asset Value

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 a valuation policy, as well as 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* ("ASC Topic 820"). Our valuation policy and processes were established by our management with the assistance of certain third-party advisors and were approved by the Board. Under ASC Topic 820, there are three levels of valuation inputs, 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 primarily 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 generally not available. Therefore, we determine the fair value of our investments in good faith primarily using Level 3 inputs. In certain cases, quoted prices or other observable inputs may exist, and if so, we assess the appropriateness of the use of these third-party quotes in determining fair value based on (i) our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer and (ii) the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company.

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. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized as Level 3 investments within the tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

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. For a discussion of the risks inherent in determining the value of securities for which readily available market values do not exist, see "Risk Factors — Risks Relating to Our Business and Structure — Our investment portfolio is and will continue to be recorded at fair value as determined in good faith by our Board of Directors and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments" included in Item 1A of Part I of this Annual Report.

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 referred to as the "Valuation Firms," to provide third-party reviews of certain investments, as described further below. In addition, all investment valuations are provided to our independent registered public accounting firm in connection with quarterly review procedures and the annual audit of our financial statements. 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. Upon completion of the Procedures, the Valuation Firms reach a conclusion as to whether, with respect to each investment reviewed by each Valuation Firm, the fair value of those investments subjected to the Procedures appear reasonable. Our Board of Directors is ultimately responsible for determining the fair value of our investments in good faith. For a further discussion of the Valuation Firms' procedures, see the section entitled "Critical Accounting Policies and Use of Estimates — Investment Valuation" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7 of Part II of this Annual Report.

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 EBITDA, as adjusted ("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 is generally 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.

Determination of the fair value involves subjective judgments and estimates not susceptible to substantiation by auditing procedures. Accordingly, under current auditing standards, the notes to our financial statements will refer to the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements. In addition, the SBA has established certain valuation guidelines for SBICs to follow when valuing portfolio investments.

Quarterly Net Asset Value Determination

We determine the net asset value per share of our common stock on at least a quarterly basis, and more frequently if we are required to do so pursuant to an equity offering or pursuant to federal laws and regulations. The net asset value per share is equal to the value of our total assets minus total liabilities and any preferred stock outstanding divided by the total number of shares of common stock outstanding.

Managerial Assistance

As a BDC, we offer, and must provide upon request, managerial assistance to certain of our portfolio companies. This assistance typically involves, among other things, monitoring the operations of our portfolio companies, participating in board and management meetings, consulting with and advising officers of portfolio companies and providing other organizational and financial guidance. Our senior management team provides such services. We believe, based on our management team's combined experience at investment banks, commercial banks, and operating in executive-level capacities in various operating companies, we offer this assistance effectively. We generally receive fees for these services.

Exit Strategies/Refinancing

While we generally exit most investments through the refinancing or repayment of our debt and redemption of our equity securities, we typically assist our portfolio companies in developing and planning exit opportunities, including any sale or merger of our portfolio companies. We may also assist in the structure, timing, execution and transition of these exit strategies.

Competition

We compete for investments with a number of investment funds (including public funds, private equity funds, mezzanine funds and other SBICs) and BDCs, as well as traditional financial services companies such as commercial banks and other sources of financing. Many of these entities have greater financial and managerial resources than we do. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider more investments and establish more relationships than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC. We believe we compete with these entities primarily on the basis of our willingness to make smaller investments, the experience and contacts of our management team, our responsive and efficient investment analysis and decision-making processes, our comprehensive suite of customized financing solutions and the investment terms we offer.

We believe that some of our competitors make senior secured loans, junior secured loans and subordinated debt investments with interest rates that are comparable to or lower than the rates we offer. Therefore, we do not seek to compete primarily on the interest rates we offer to potential portfolio companies.

For additional information concerning the competitive risks we face, see "Risk Factors — Risks Relating to Our Business and Structure — We operate in a highly competitive market for investment opportunities" included in Item 1A of Part I of this Annual Report.

Brokerage Allocation and Other Practices

We did not pay any brokerage commissions during the three years ended December 31, 2017 in connection with the acquisition and/or disposal of our investments. We generally acquire and dispose of our investments in privately negotiated transactions; therefore, we infrequently use brokers in the normal course of our business. Our management team is primarily responsible for the execution of any publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, if we use a broker, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided.

Dividend Reinvestment Plan

We have adopted a dividend reinvestment plan that provides for reinvestment of our distributions on behalf of our common stockholders, unless a common stockholder elects to receive cash as provided below. As a result, if our Board of Directors authorizes, and we declare, a cash dividend, then our common stockholders who have not "opted out" of our dividend reinvestment plan will have their cash dividends automatically reinvested in additional shares of our common stock, rather than receiving the cash dividends.

No action will be required on the part of a registered common stockholder to have his or her cash dividend reinvested in shares of our common stock. A registered common stockholder may elect to receive an entire dividend in cash by notifying Computershare, Inc., the "Plan Administrator" and our transfer agent and registrar, in writing so that such notice is received by the Plan Administrator no later than the record date for dividends to common stockholders. The Plan Administrator will set up an account for shares acquired through the plan for each common stockholder who has not elected to receive dividends in cash and hold such shares in non-certificated form. Upon request by a common stockholder participating in the plan, received in writing not less than 10 days prior to the record date, the Plan Administrator will, instead of crediting shares to the participant's account, issue a certificate registered in the participant's name for the number of whole shares of our common stock and a check for any fractional share. Those common stockholders whose shares are held by a broker or other financial intermediary may receive dividends in cash by notifying their broker or other financial intermediary of their election.

We intend to use primarily newly issued shares to implement the plan, so long as our shares are trading at or above net asset value. If our shares are trading below net asset value, we intend to purchase shares in the open market in connection with our implementation of the plan. If we use newly issued shares to implement the plan, the number of shares to be issued to a common stockholder is determined by dividing the total dollar amount of the dividend payable to such common stockholder by the market price per share of our common stock at the close of regular trading on the New York Stock Exchange, or the NYSE, on the dividend payment date. Market price per share on that date will be the closing price for such shares on the NYSE or, if no sale is reported for such day, at the average of their reported bid and asked prices. If we purchase shares in the open market to implement the plan, the number of shares to be issued to a common stockholder is determined by dividing the total dollar amount of the dividend payable to such common stockholder by the average price per share for all shares purchased by the Plan Administrator in the open market in connection with the dividend. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend cannot be established until the value per share at which additional shares will be issued has been determined and elections of our common stockholders have been tabulated.

There will be no brokerage charges or other charges to common stockholders who participate in the plan. However, certain brokerage firms may charge brokerage charges or other charges to their customers. We will pay the Plan Administrator's fees under the plan. If a participant elects by written notice to the Plan Administrator to have the Plan Administrator sell part or all of the shares held by the Plan Administrator in the participant's account and remit the proceeds to the participant, the Plan Administrator is authorized to deduct a $15.00 transaction fee plus a $0.10 per share brokerage commission from the proceeds.

Common stockholders who receive dividends in the form of stock generally are subject to the same federal, state and local tax consequences as are common stockholders who elect to receive their dividends in cash. A common stockholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the common stockholder. Any stock received in a dividend will have a holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. common stockholder's account.

Participants may terminate their accounts under the plan by notifying the Plan Administrator via its website at www.computershare.com/investor, by filling out the transaction request form located at the bottom of their statement and sending it to the Plan Administrator at Computershare, Inc., P.O. Box 505000, Louisville, Kentucky 40233 or by calling the Plan Administrator at (866) 228-7201.

We may terminate the plan upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the Plan Administrator by mail at Computershare, Inc., P.O.Box 505000, Louisville, Kentucky 40233.

Employees

As of December 31, 2017, we employed twenty-seven individuals, including investment and portfolio management professionals, operations professionals and administrative staff. We may expand our management team and administrative staff in the future in proportion to our growth.

Election to be Regulated as a Business Development Company and Regulated Investment Company

Both we and Triangle SBIC individually are closed-end, non-diversified management investment companies that have elected to be treated as BDCs under the 1940 Act. In addition, we have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Our election to be regulated as a BDC and our election to be treated as a RIC for U.S. federal income tax purposes have a significant impact on our operations. Some of the most important effects on our operations of our election to be regulated as a BDC and our election to be treated as a RIC are outlined below.

- **We report our investments at market value or fair value with changes in value reported through our consolidated statements of operations.**

  In accordance with the requirements of Article 6 of Regulation S-X, we report all of our investments, including debt investments, at market value or, for investments that do not have a readily available market value, at their "fair value" as determined in good faith by our Board of Directors. Changes in these values are reported through our statements of operations under the caption of "net unrealized appreciation (depreciation) of investments." See "Valuation Process and Determination of Net Asset Value" above.

- **We intend to distribute substantially all of our income to our stockholders. We generally will be required to pay income taxes only on the portion of our taxable income we do not distribute, actually or constructively, to stockholders.**

  As a RIC, so long as we meet certain minimum distribution, source-of-income and asset diversification requirements, we generally are required to pay U.S. federal 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 intend to distribute to our stockholders substantially all of our income. We may, however, make deemed distributions to our stockholders of any retained net long-term capital gains. If this happens, our stockholders will be treated as if they received an actual distribution of the net capital gains and reinvested the net after-tax proceeds in us. Our stockholders also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable share of the corporate-level U.S. federal income tax we pay on the deemed distribution. See "Material U.S. Federal Income Tax Considerations." We met the minimum distribution requirements for 2015, 2016 and 2017 and continually monitor our distribution requirements with the goal of ensuring compliance with the Code.

In addition, we have certain wholly-owned taxable subsidiaries, or the Taxable Subsidiaries, each of which holds a portion of one or more of our portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiaries are consolidated for financial reporting purposes in accordance with U.S. GAAP, so that our consolidated financial statements reflect our investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit us to hold certain interests in portfolio companies that are organized as partnerships or limited liability companies, or LLCs (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90.0% of our gross income for U.S. federal income tax purposes must consist of qualifying investment income. Absent the Taxable Subsidiaries, a proportionate amount of any gross income of a partnership or LLC (or other pass-through entity) portfolio investment would flow through directly to us. To the extent that such income did not consist of investment income, it could jeopardize our ability to qualify as a RIC and therefore cause us to incur significant amounts of corporate-level U.S. federal income taxes. Where interests in partnerships or LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, however, the income from such interests is taxed to the Taxable Subsidiaries and does not flow through to us, thereby helping us preserve our RIC status and resultant tax advantages. The Taxable Subsidiaries are not consolidated for U.S. federal income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies. This income tax expense, if any, is reflected in our Statement of Operations.

- **Our ability to use leverage as a means of financing our portfolio of investments is limited.**

  As a BDC, we are required to meet a coverage ratio of total assets to total senior securities of at least 200.0%. For this purpose, senior securities include all borrowings (other than SBA leverage and certain other short-term borrowings) and any preferred stock we may issue in the future. Additionally, our ability to continue to utilize leverage as a means of financing our portfolio of investments may be limited by this asset coverage test. Under current SBA regulations, our SBIC subsidiaries cannot have outstanding more than an aggregate of $350.0 million of debenture leverage guaranteed by the SBA. While use of debenture leverage from the SBA may enhance returns if we meet our investment objective, our returns may be reduced or eliminated if the returns on investments by Triangle SBIC, Triangle SBIC II and Triangle SBIC III are less than the costs of operating them, including the costs of using debenture leverage.

- **We are required to comply with the provisions of the 1940 Act applicable to business development companies.**

  As a BDC, we are required to have a majority of directors who are not “interested” persons under the 1940 Act. In addition, we are required to comply with other applicable provisions of the 1940 Act, including those requiring the adoption of a code of ethics, fidelity bonding and investment custody arrangements. See “Regulation of Business Development Companies” below.

Exemptive Relief

The 1940 Act prohibits certain transactions between us, Triangle SBIC, Triangle SBIC II and Triangle SBIC III, as well as our and their affiliates, without first obtaining an exemptive order from the SEC. We and Triangle SBIC initially filed a joint exemptive application with the SEC in 2007 and then received exemptive relief to our amended exemptive application in 2008. In 2010, we jointly filed with Triangle SBIC and Triangle SBIC II another amendment to the exemptive application requesting relief under various sections of the 1940 Act to permit us, as the BDC parent, our current SBIC subsidiaries and, to the extent applicable, any of our future wholly-owned subsidiaries, to operate effectively as one company for 1940 Act regulatory purposes. Specifically, the application requested relief to (a) engage in certain transactions with each other, (b) invest in securities in which the other is an investor and engage in transactions with portfolio companies that would not otherwise be prohibited as one company, (c) be subject to modified consolidated asset coverage requirements for senior securities issued by each of us and (d) where such reporting is required for one of Triangle Capital Corporation's current or future wholly-owned subsidiaries, allow such subsidiary to file reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), on a consolidated basis with Triangle Capital Corporation. On October 22, 2010, the SEC issued an exemptive relief order approving our requests.

In addition, under current SEC rules and regulations, BDCs may not grant options or restricted stock to directors who are not officers or employees of the BDC. Similarly, under the 1940 Act, BDCs cannot issue stock for services to their executive officers and employees other than options, warrants and rights to acquire capital stock. In March 2008, we received an exemptive relief order from the SEC that (a) permits us to grant restricted stock to our independent directors as a part of their compensation for service on our Board and (b) permits us to grant restricted stock in exchange for or in recognition of services by our executive officers and employees. On March 21, 2013, we received an order from the SEC granting us exemptive relief to permit an increase in our annual grant of restricted stock to our non-employee directors to $50,000 of restricted stock based on the closing stock price of our common stock on the date of grant. Our stockholders approved this amendment at the 2013 Annual Meeting of Stockholders.

Regulation of Business Development Companies

The following is a general summary of the material regulatory provisions affecting BDCs. It does not purport to be a complete description of all of the laws and regulations affecting BDCs.

Both we and Triangle SBIC individually have elected to be regulated as BDCs under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates, principal underwriters and affiliates of those affiliates or underwriters. The 1940 Act requires that a majority of the directors be persons other than "interested persons," as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities.

In addition, the 1940 Act defines "a majority of the outstanding voting securities" as the lesser of (i) 67.0% or more of the voting securities present at a meeting if the holders of more than 50.0% of our outstanding voting securities are present or represented by proxy, or (ii) 50.0% of our voting securities.

Qualifying Assets

Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70.0% of the company's total assets. The principal categories of qualifying assets relevant to our business are any of the following:

(1) Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act and rules adopted pursuant thereto as any issuer which:

(a) is organized under the laws of, and has its principal place of business in, the United States;

(b) is not an investment company (other than an SBIC wholly-owned by the BDC) or a company that would be an investment company but for exclusions under the 1940 Act for certain financial companies such as banks, brokers, commercial finance companies, mortgage companies and insurance companies; and

(c) satisfies any of the following:

(i) does not have any class of securities with respect to which a broker or dealer may extend margin credit;

(ii) is controlled by a BDC or a group of companies including a BDC and the BDC has an affiliated person who is a director of the eligible portfolio company;

(iii) is a small and solvent company having total assets of not more than $4.0 million and capital and surplus of not less than $2.0 million;

(iv) does not have any class of securities listed on a national securities exchange; or

(v) has a class of securities listed on a national securities exchange, but has an aggregate market value of outstanding voting and non-voting common equity of less than $250.0 million.

(2) Securities in companies that were eligible portfolio companies when we made our initial investment if certain other requirements are satisfied.

(3) Securities of any eligible portfolio company that we control.

(4) Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities, was unable to meet its obligations as they came due without material assistance (other than conventional lending or financing arrangements).

(5) Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60.0% of the outstanding equity of the eligible portfolio company.

(6) Securities received in exchange for or distributed on or with respect to securities described in (1) through (5) above, or pursuant to the exercise of warrants or rights relating to such securities.

(7) Cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment.

In addition, a BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in (1), (2), (3) or (4) above.

Managerial Assistance to Portfolio Companies

In order to count portfolio securities as qualifying assets for the purpose of the 70.0% test, we must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where we purchase such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available "significant managerial assistance" means, among other things, any arrangement whereby we, through our directors, officers or employees, offer to provide, and, if accepted, do so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Temporary Investments

Pending investment in other types of "qualifying assets," as described above, our investments may consist of cash, cash equivalents, U.S. government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that 70.0% of our assets are qualifying assets. We may invest in U.S. Treasury bills or in repurchase agreements, provided that such agreements are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price that is greater than the purchase price by an amount that reflects an agreed-upon interest rate. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, if more than 25.0% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the asset diversification tests required to maintain our tax treatment as a RIC for U.S. federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. Our management team will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

Senior Securities

We are permitted, under specified conditions, to issue multiple classes of debt and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200.0% immediately after each such issuance. In addition, while any senior securities remain outstanding (other than senior securities representing indebtedness issued in consideration of a privately arranged loan which is not intended to be publicly distributed), we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5.0% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see “Risk Factors — Risks Relating to Our Business and Structure — Because we intend to distribute substantially all of our income to our stockholders to maintain our tax treatment as a regulated investment company, we will continue to need additional capital to finance our growth and regulations governing our operation as a business development company will affect our ability to, and the way in which we, raise additional capital and make distributions” included in Item 1A of Part I of this Annual Report.

Code of Business Conduct and Ethics and Corporate Governance Guidelines

We have adopted a code of ethics, which we call our “Code of Business Conduct and Ethics,” and corporate governance guidelines, which collectively cover ethics and business conduct. These documents apply to our directors, officers and employees, and establish procedures for personal investments and restrict certain personal securities transactions. Personnel subject to the Code of Business Conduct and Ethics and corporate governance guidelines may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with certain requirements. Our Code of Business Conduct and Ethics and corporate governance guidelines are publicly available on the Investor Relations section of our website under "Corporate Governance" at http://ir.tcap.com/corporate-governance. We will report any amendments to or waivers of a required provision of our Code of Business Conduct and Ethics and corporate governance guidelines on our website or in a Current Report on Form 8-K. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information regarding the Public Reference Room by calling the SEC at 1-800-SEC-0330. Information contained on our website is not incorporated by reference into this Annual Report on Form 10-K, and you should not consider that information to be part of this Annual Report on Form 10-K.

Compliance Policies and Procedures

We have adopted and implemented written policies and procedures reasonably designed to prevent violation of the U.S. federal securities laws, and are required to review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation, and to designate a chief compliance officer to be responsible for administering such policies and procedures. Steven C. Lilly serves as our Chief Compliance Officer.

Proxy Voting Policies and Procedures

We vote proxies relating to our portfolio securities in a manner which we believe will be in the best interest of our stockholders. We review on a case-by-case basis each proposal submitted to a stockholder vote to determine its impact on the portfolio securities held by us. Although we generally vote against proposals that may have a negative impact on our portfolio securities, we may vote for such a proposal if there exists compelling long-term reasons to do so.

Our proxy voting decisions are made by the investment professionals who are responsible for monitoring each of our investments. To ensure that our vote is not the product of a conflict of interest, we require that: (i) anyone involved in the decision making process disclose to our chief compliance officer any potential conflict that he or she is aware of and any contact that he or she has had with any interested party regarding a proxy vote; and (ii) employees involved in the decision making process or vote administration are prohibited from revealing how we intend to vote on a proposal in order to reduce any attempted influence from interested parties.

Stockholders may, without charge, obtain information regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612 or by calling our investor relations department collect at (919) 719-4770.

Other

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our Board of Directors who are not interested persons and, in some cases, prior approval by the SEC.

We are periodically examined by the SEC for compliance with the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

We are required to adopt and implement written policies and procedures reasonably designed to prevent violation of the federal securities laws, review these policies and procedures annually for their adequacy and the effectiveness of their implementation, and to designate a chief compliance officer to be responsible for administering the policies and procedures. See "Compliance Policies and Procedures" above.

Small Business Administration Regulations

Triangle SBIC, Triangle SBIC II and Triangle SBIC III are licensed by the SBA to operate as SBICs under Section 301(c) of the Small Business Investment Act of 1958, as amended, (the "Small Business Investment Act"). Triangle SBIC's license became effective on September 11, 2003, Triangle SBIC II's license became effective on May 26, 2010 and Triangle SBIC III's license became effective on January 6, 2017.

SBICs are designed to stimulate the flow of private equity capital to eligible small businesses. Under SBA regulations, SBICs may make loans to eligible small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. Triangle SBIC and Triangle SBIC II have typically invested in senior and subordinated debt, acquired warrants and/or made equity investments in qualifying small businesses.

Under current SBA regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding $19.5 million and have average annual net income after U.S. federal income taxes not exceeding $6.5 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must devote at least 25.0% of its investment activity to "smaller" enterprises as defined by the SBA. A smaller enterprise generally includes businesses that have a tangible net worth not exceeding $6.0 million and have average annual net income after U.S. federal income taxes not exceeding $2.0 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility for designation as an eligible small business or smaller enterprise, which criteria depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross revenue. However, once an SBIC has invested in a company, subject to certain limitations, it may continue to make follow-on investments in the company, regardless of the size of the portfolio company at the time of the follow-on investment, up to the time of the portfolio company's initial public offering.

The SBA prohibits an SBIC from providing funds to small businesses for certain purposes, such as relending and investment outside the United States, to businesses engaged in certain prohibited industries, and to certain "passive" (non-operating) companies. In addition, without prior SBA approval, an SBIC may not invest an amount equal to more than 30.0% of the SBIC's regulatory capital (as defined by the SBA) in any one portfolio company.

The SBA places certain limitations on the financing terms of investments by SBICs in portfolio companies (such as limiting the permissible interest rate on debt securities held by an SBIC in a portfolio company). The SBA regulations adopted in 2002 generally allow an SBIC to exercise control over a small business for a period of seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

The SBA restricts the ability of an SBIC to lend money to any of its officers, directors and employees or to invest in affiliates thereof. The SBA also prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10.0% or more of a class of capital stock of a licensed SBIC. A “change of control” is any event which would result in the transfer of the power, direct or indirect, to direct the management and policies of an SBIC, whether through ownership, contractual arrangements or otherwise.

An SBIC (or group of SBICs under common control) can currently have outstanding at any time debentures guaranteed by the SBA in amounts up to two times (and in certain cases, with SBA approval, up to three times) the amount of its regulatory capital, as such term is defined in the SBA regulations. Debentures guaranteed by the SBA have a maturity of ten years, with interest payable semi-annually. As of December 31, 2017, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that may be issued by a single SBIC was $150.0 million and by a group of SBICs under common control was $350.0 million, subject to SBA approval.

As of December 31, 2017, Triangle SBIC had issued $150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued $100.0 million of SBA-guaranteed debentures, leaving borrowing capacity of a maximum of $100.0 million of SBA-guaranteed debentures for Triangle SBIC III. The weighted average interest rate for all SBA-guaranteed debentures as of December 31, 2017 was 3.90%. As of December 31, 2017, all SBA-guaranteed debentures were pooled.

SBICs must invest idle funds that are not being used to make loans in investments permitted under SBA regulations in the following limited types of securities: (i) direct obligations of, or obligations guaranteed as to principal and interest by, the United States government, which mature within 15 months from the date of the investment; (ii) repurchase agreements with federally insured institutions with a maturity of seven days or less (and the securities underlying the repurchase obligations must be direct obligations of or guaranteed by the federal government); (iii) certificates of deposit with a maturity of one year or less, issued by a federally insured institution; (iv) a deposit account in a federally insured institution that is subject to a withdrawal restriction of one year or less; (v) a checking account in a federally insured institution; or (vi) a reasonable petty cash fund.

SBICs are regularly examined and audited by the SBA’s staff to determine their compliance with SBIC regulations and are periodically required to file certain forms with the SBA. Triangle SBIC and Triangle SBIC II were audited by the SBA during 2016, and there were no unresolved findings from the audit. There have been no examinations of Triangle SBIC III as it is a newly-licensed SBIC.

Neither the SBA nor the U.S. government or any of its agencies or officers has approved any ownership interest to be issued by us or any obligation that we or any of our subsidiaries may incur.

Securities Exchange Act of 1934 and Sarbanes-Oxley Act Compliance

We are subject to the reporting and disclosure requirements of the Exchange Act, including the filing of quarterly, annual and current reports, proxy statements and other required items. In addition, we are subject to the Sarbanes-Oxley Act of 2002, (the "Sarbanes-Oxley Act"), which imposes a wide variety of regulatory requirements on publicly-held companies and their insiders. For example:

- pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting, and separately, our independent registered public accounting firm audits our internal controls over financial reporting; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The New York Stock Exchange Corporate Governance Regulations

The NYSE has adopted corporate governance regulations that listed companies must comply with. We believe we currently are in compliance with such corporate governance listing standards. We intend to monitor our compliance with all future listing standards and to take all necessary actions to ensure that we stay in compliance.

Material U.S. Federal Income Tax Considerations

The following discussion is a general summary of the material U.S. federal income tax considerations applicable to us and to an investment in our shares. This summary does not purport to be a complete description of the income tax considerations applicable to us or to investors in such an investment. For example, we have not described tax consequences that we assume to be generally known by investors or certain considerations that may be relevant to certain types of holders subject to special treatment under U.S. federal income tax laws, including stockholders subject to the alternative minimum tax, tax-exempt organizations, insurance companies, dealers in securities, pension plans and trusts, financial institutions, U.S. stockholders (as defined below) whose functional currency is not the U.S. dollar, persons who mark-to-market our shares and persons who hold our shares as part of a "straddle," "hedge" or "conversion" transaction. This summary assumes that investors hold shares of our common stock as capital assets (within the meaning of the Code). The discussion is based upon the Code, Treasury regulations, and administrative and judicial interpretations, each as of the date of this Annual Report on Form 10-K and all of which are subject to change, possibly retroactively, which could affect the continuing validity of this discussion. This summary does not discuss any aspects of U.S. estate or gift tax or foreign, state or local tax. It does not discuss the special treatment under U.S. federal income tax laws that could result if we invested in tax-exempt securities or certain other investment assets.

For purposes of our discussion, a "U.S. stockholder" means a beneficial owner of shares of our common stock that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in place to be treated as a U.S. person.

For purposes of our discussion, a "Non-U.S. stockholder" means a beneficial owner of shares of our common stock that is neither a U.S. stockholder nor a partnership (including an entity treated as a partnership for U.S. federal income tax purposes).

If an entity treated as a partnership for U.S. federal income tax purposes (a "partnership") holds shares of our common stock, the tax treatment of a partner or member of the partnership will generally depend upon the status of the partner or member and the activities of the partnership. A prospective stockholder that is a partner or member in a partnership holding shares of our common stock should consult his, her or its tax advisors with respect to the purchase, ownership and disposition of shares of our common stock.

Tax matters are very complicated and the tax consequences to an investor of an investment in our shares will depend on the facts of his, her or its particular situation. We encourage investors to consult their own tax advisors regarding the specific consequences of such an investment, including tax reporting requirements, the applicability of U.S. federal, state, local and foreign tax laws, eligibility for the benefits of any applicable tax treaty and the effect of any changes in the tax laws.

Election to be Taxed as a RIC

We have qualified and elected to be treated as a RIC under Subchapter M of the Code commencing with our taxable year ended December 31, 2007. As a RIC, we generally are not subject to corporate-level U.S. federal income taxes on any income that we distribute to our stockholders from our tax earnings and profits. To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements (as described below). In addition, in order to obtain RIC tax treatment, we must distribute to our stockholders, for each taxable year, at least 90% of our "investment company taxable income," which is generally our net ordinary income plus the excess, if any, of realized net short-term capital gain over realized net long-term capital loss, or the Annual Distribution Requirement. Even if we qualify for tax treatment as a RIC, we generally will be subject to corporate-level U.S. federal income tax on our undistributed taxable income and could be subject to U.S. federal excise, state, local and foreign taxes.

Taxation as a RIC

Provided that we qualify for tax treatment as a RIC, we will not be subject to U.S. federal income tax on the portion of our investment company taxable income and net capital gain (which we define as net long-term capital gain in excess of net short-term capital loss) that we timely distribute to stockholders. We will be subject to U.S. federal income tax at the regular corporate rates on any income or capital gain not distributed (or deemed distributed) to our stockholders.

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income unless we distribute in a timely manner an amount at least equal to the sum of (i) 98.0% of our ordinary income for each calendar year, (ii) 98.2% of our capital gain net income for the calendar year and (iii) any income recognized, but not distributed, in preceding years and on which we paid no U.S. federal income tax.

In order to qualify for tax treatment as a RIC for U.S. federal income tax purposes, we must, among other things:

- meet the Annual Distribution Requirement;
- qualify to be treated as a BDC or be registered as a management investment company under the 1940 Act at all times during each taxable year;
- derive in each taxable year at least 90% of our gross income from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock or other securities or foreign currencies or other income derived with respect to our business of investing in such stock, securities or currencies and net income derived from an interest in a "qualified publicly traded partnership" (as defined in the Code), or the 90% Income Test; and
- diversify our holdings so that at the end of each quarter of the taxable year:
    - at least 50% of the value of our assets consists of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other securities if such other securities of any one issuer do not represent more than 5% of the value of our assets or more than 10% of the outstanding voting securities of the issuer (which for these purposes includes the equity securities of a "qualified publicly traded partnership"); and
    - no more than 25% of the value of our assets is invested in the securities, other than U.S. Government securities or securities of other RICs, (i) of one issuer (ii) of two or more issuers that are controlled, as determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of one or more "qualified publicly traded partnerships," or the Diversification Tests.

To the extent that we invest in entities treated as partnerships for U.S. federal income tax purposes (other than a "qualified publicly traded partnership"), we generally must include the items of gross income derived by the partnerships for purposes of the 90% Income Test, and the income that is derived from a partnership (other than a "qualified publicly traded partnership") will be treated as qualifying income for purposes of the 90% Income Test only to the extent that such income is attributable to items of income of the partnership which would be qualifying income if realized by us directly. In addition, we generally must take into account our proportionate share of the assets held by partnerships (other than a “qualified publicly traded partnership”) in which we are a partner for purposes of the Diversification Tests.

In order to meet the 90% Income Test, we have established several special purpose corporations, and in the future may establish additional such corporations, to hold assets from which we do not anticipate earning dividend, interest or other qualifying income under the 90% Income Test (the "Taxable Subsidiaries"). Any investments held through a Taxable Subsidiary generally are subject to U.S. federal income and other taxes, and therefore we can expect to achieve a reduced after-tax yield on such investments.

We may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or issued with warrants), we must include in income 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 income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the Annual Distribution Requirement and to avoid the 4.0% U.S. federal excise tax, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the Annual Distribution Requirement necessary to obtain and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level income tax.

Furthermore, a portfolio company in which we invest may face financial difficulty that requires us to work-out, modify or otherwise restructure our investment in the portfolio company. Any such restructuring may result in unusable capital losses and future non-cash income. Any restructuring may also result in our recognition of a substantial amount of non-qualifying income for purposes of the 90% Income Test, such as cancellation of indebtedness income in connection with the work-out of a leveraged investment (which, while not free from doubt, may be treated as non-qualifying income) or the receipt of other non-qualifying income.

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

Investments by us in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes, and therefore, our yield on any such securities may be reduced by such non-U.S. taxes. Stockholders will generally not be entitled to claim a credit or deduction with respect to non-U.S. taxes paid by us.

If we purchase shares in a “passive foreign investment company,” or PFIC, we may be subject to U.S. federal income tax on a portion of any “excess distribution” or gain from the disposition of such shares even if such income is distributed as a taxable dividend by us to our stockholders. Additional charges in the nature of interest may be imposed on us in respect of deferred taxes arising from such distributions or gains. If we invest in a PFIC and elect to treat the PFIC as a “qualified electing fund” under the Code, or QEF, in lieu of the foregoing requirements, we will be required to include in income each year a portion of the ordinary earnings and net capital gain of the QEF, even if such income is not distributed to it. Alternatively, we can elect to mark-to-market at the end of each taxable year our shares in a PFIC; in this case, we will recognize as ordinary income any increase in the value of such shares and as ordinary loss any decrease in such value to the extent it does not exceed prior increases included in income. Under either election, we may be required to recognize in a year income in excess of our distributions from PFICs and our proceeds from dispositions of PFIC stock during that year, and such income will nevertheless be subject to the Annual Distribution Requirement and will be taken into account for purposes of the 4% U.S. federal excise tax. In addition, under recently proposed regulations, income required to be included as a result of a QEF election would not be qualifying income for purposes of the 90% Income Test unless we receive a distribution of such income from the PFIC in the same taxable year to which the inclusion relates.

Under Section 988 of the Code, gain or loss attributable to fluctuations in exchange rates between the time we accrue income, expenses, or other liabilities denominated in a foreign currency and the time we actually collect such income or pay such expenses or liabilities are generally treated as ordinary income or loss. Similarly, gain or loss on foreign currency forward contracts and the disposition of debt denominated in a foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

We are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. Under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met. See “Regulation of Business Development Companies — Qualifying Assets” and “Regulation of Business Development Companies — Senior Securities" above. Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (i) the illiquid nature of our portfolio and/or (ii) other requirements relating to our tax treatment as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or to avoid the excise tax, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

If we fail to satisfy the Annual Distribution Requirement or otherwise fail to qualify for tax treatment as a RIC in any taxable year, we will be subject to tax in that year on all of our taxable income, regardless of whether we make any distributions to our stockholders. In that case, all of such income will be subject to corporate-level U.S. federal income tax, reducing the amount available to be distributed to our stockholders. See “Failure To Obtain RIC Tax Treatment" below.

As a RIC, we are not allowed to carry forward or carry back a net operating loss for purposes of computing our investment company taxable income in other taxable years. U.S. federal income tax law generally permits a RIC to carry forward (i) the excess of its net short-term capital loss over its net long-term capital gain for a given year as a short-term capital loss arising on the first day of the following year and (ii) the excess of its net long-term capital loss over its net short-term capital gain for a given year as a long-term capital loss arising on the first day of the following year. Future transactions we engage in may cause our ability to use any capital loss carryforwards, and unrealized losses once realized, to be limited under Section 382 of the Code. Certain of our investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (ii) convert lower taxed long-term capital gain and qualified dividend income into higher taxed short-term capital gain or ordinary income, (iii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (iv) cause us to recognize income or gain without a corresponding receipt of cash, (v) adversely affect the time as to when a purchase or sale of stock or securities is deemed to occur, (vi) adversely alter the characterization of certain complex financial transactions and (vii) produce income that will not be qualifying income for purposes of the 90% Income Test. We will monitor our transactions and may make certain tax elections in order to mitigate the effect of these provisions.

As described above, to the extent that we invest in equity securities of entities that are treated as partnerships for U.S. federal income tax purposes, the effect of such investments for purposes of the 90% Income Test and the Diversification Tests will depend on whether or not the partnership is a “qualified publicly traded partnership” (as defined in the Code). If the entity is a “qualified publicly traded partnership,” the net income derived from such investments will be qualifying income for purposes of the 90% Income Test and will be “securities” for purposes of the Diversification Tests. If the entity is not treated as a “qualified publicly traded partnership,” however, the consequences of an investment in the partnership will depend upon the amount and type of income and assets of the partnership allocable to us. The income derived from such investments may not be qualifying income for purposes of the 90% Income Test and, therefore, could adversely affect our tax treatment as a RIC. We intend to monitor our investments in equity securities of entities that are treated as partnerships for U.S. federal income tax purposes to prevent our disqualification from tax treatment as a RIC.

We may invest in preferred securities or other securities the U.S. federal income tax treatment of which may not be clear or may be subject to recharacterization by the IRS. To the extent the tax treatment of such securities or the income from such securities differs from the expected tax treatment, it could affect the timing or character of income recognized, requiring us to purchase or sell securities, or otherwise change our portfolio, in order to comply with the tax rules applicable to RICs under the Code.

We may distribute taxable dividends that are payable in cash or shares of our common stock at the election of each stockholder. Under certain applicable provisions of the Code and the Treasury regulations, distributions payable in cash or in shares of stock at the election of stockholders are treated as taxable dividends. The Internal Revenue Service has published guidance indicating that this rule will apply even where the total amount of cash that may be distributed is limited to no more than 20% of the total distribution. Under this guidance, if too many stockholders elect to receive their distributions in cash, the cash available for distribution must be allocated among the stockholders electing to receive cash (with the balance of the distribution paid in stock). If we decide to make any distributions consistent with this guidance that are payable in part in our stock, taxable stockholders receiving such dividends will be required to include the full amount of the dividend (whether received in cash, our stock, or a combination thereof) as ordinary income (or as long-term capital gain to the extent such distribution is properly reported as a capital gain dividend) to the extent of our current and accumulated earnings and profits for U.S. federal income tax purposes. As a result, a U.S. stockholder may be required to pay tax with respect to such dividends in excess of any cash received. If a U.S. stockholder sells the stock it receives in order to pay this tax, the sales proceeds may be less than the amount included in income with respect to the dividend, depending on the market price of our stock at the time of the sale. Furthermore, with respect to non-U.S. stockholders, we may be required to withhold U.S. tax with respect to such dividends, including in respect of all or a portion of such dividend that is payable in stock. In addition, if a significant number of our stockholders determine to sell shares of our stock in order to pay taxes owed on dividends, it may put downward pressure on the trading price of our stock.

Failure to Obtain RIC Tax Treatment

If we fail to satisfy the 90% Income Test or the Diversification Tests for any taxable year, we may nevertheless continue to qualify for tax treatment as a RIC for such year if certain relief provisions are applicable (which may, among other things, require us to pay certain corporate-level federal taxes or to dispose of certain assets).

If we were unable to obtain tax treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. Distributions would generally be taxable to our stockholders as dividend income to the extent of our current and accumulated earnings and profits (in the case of non-corporate U.S. stockholders, generally at a maximum U.S. federal income tax rate applicable to qualified dividend income of 20%). Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder’s tax basis, and any remaining distributions would be treated as a capital gain.

If we fail to meet the RIC requirements for more than two consecutive years and then, seek to re-qualify for tax treatment as a RIC, we would be subject to corporate-level taxation on any built-in gain recognized during the succeeding five-year period unless we made a special election to recognize all such built-in gain upon our re-qualification for tax treatment as a RIC and to pay the corporate-level tax on such built-in gain.

Possible Legislative or Other Actions Affecting Tax Considerations

Prospective investors should recognize that the present U.S. federal income tax treatment of an investment in our stock may be modified by legislative, judicial or administrative action at any time, and that any such action may affect investments and commitments previously made. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process any by the IRS and the U.S. Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could affect the tax consequences of an investment in our stock. See "Risk Factors - Risk Relating to Our Business and Structure - We cannot predict how tax reform legislation will affect us, our investments, or our stockholders, and any such legislation could aversely affect our business" included in Item 1A or Part I of this Annual Report.

State and Local Tax Treatment

The state and local tax treatment may differ from U.S. federal income tax treatment.

The discussion set forth herein does not constitute tax advice, and potential investors should consult their own tax advisors concerning the tax considerations relevant to their particular situation.

Available Information

We intend to make this Annual Report, as well as our quarterly reports on Form 10-Q, our current reports on Form 8-K and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act, publicly available on our website (www.tcap.com) without charge as soon as reasonably practicable following our filing of such reports with the SEC. Our SEC reports can be accessed through the investor relations section of our website. The information found on our website is not part of this or any other report we file with or furnish to the SEC. We assume no obligation to update or revise any statements in this Annual Report or in other reports filed with the SEC, whether as a result of new information, future events or otherwise, unless we are required to do so by law. A copy of this Annual Report and our other reports is available without charge upon written request to Investor Relations, Triangle Capital Corporation, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

Further, a copy of this Annual Report is obtainable from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and our other filings at www.sec.gov.

We have adopted a code of ethics, which we call our "Code of Business Conduct and Ethics," which every director, officer and employee is expected to observe. Our Code of Business Conduct and Ethics is publicly available on the Investor Relations section of our website under "Corporate Governance" at http://ir.tcap.com/corporate-governance and is referenced in this Annual Report as Exhibit 14.1.

Item 1A. ***Risk Factors.***

Investing in our securities involves a number of significant risks. In addition to the other information contained in this Annual Report on Form 10-K, you should consider carefully the following information before making an investment in our securities. The risks set out below are not the only risks we face. Additional risks and uncertainties not presently known to us or not presently deemed material by us might also impair our operations and performance. If any of the following events occur, our business, financial condition and results of operations could be materially and adversely affected. In such case, our net asset value, the trading price of our common stock and the value of our other securities could decline, and you may lose all or part of your investment.

Risks Relating to Our Business and Structure

Our financial condition and results of operations will depend on our ability to manage and deploy capital effectively.

Our ability to continue to achieve our investment objectives will depend on our ability to effectively manage and deploy our capital, which will depend, in turn, on our management team's ability to continue to identify, evaluate, invest in and monitor companies that meet our investment criteria. We cannot assure you that we will continue to achieve our investment objectives.

Accomplishing this result on a cost-effective basis will be largely a function of our management team's handling of the investment process, its ability to provide competent, attentive and efficient services and our access to investments offering acceptable terms. In addition to monitoring the performance of our existing investments, members of our management team and our investment professionals may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time may distract them or slow the rate of investment.

Even if we are able to grow and build upon our investment operations in a manner commensurate with the increased capital available to us as a result of recent offerings of our securities, any failure to manage our growth effectively could have a material adverse effect on our business, financial condition, results of operations and prospects. The results of our operations will depend on many factors, including the availability of opportunities for investment, readily accessible short and long-term funding alternatives in the financial markets and economic conditions. Furthermore, if we cannot successfully operate our business or implement our investment policies and strategies as described in this Annual Report, it could negatively impact our ability to pay distributions and cause you to lose part or all of your investment.

Capital markets may experience periods of disruption and instability. Such market conditions may materially and adversely affect debt and equity capital markets in the United States and abroad, which may have a negative impact on our business and operations.

From time to time, capital markets may experience periods of disruption and instability. During such periods of market disruption and instability, we and other companies in the financial services sector may have limited access, if available, to alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions which will apply to us as a BDC, we will generally not be able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as defined in the 1940 Act, must equal at least 200% immediately after each time we incur indebtedness. The debt capital that will be available, if at all, may be at a higher cost and on less favorable terms and conditions in the future.

Market conditions may in the future make it difficult to extend the maturity of or refinance our existing indebtedness, including the final maturity of our third amended and restated senior secured credit facility, as amended on May 1, 2017 (the "Credit Facility"), in April 2022, and any failure to do so could have a material adverse effect on our business. If we are unable to raise or refinance debt, then our equity investors may not benefit from the potential for increased returns on equity resulting from leverage and we may be limited in our ability to make new commitments or to fund existing commitments to our portfolio companies. In addition, the illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

Given the extreme volatility and dislocation that the capital markets have historically experienced, many BDCs have faced, and may in the future face, a challenging environment in which to raise capital. We may in the future have difficulty accessing debt and equity capital, and a severe disruption in the global financial markets or deterioration in credit and financing conditions could have a material adverse effect on our business, financial condition and results of operations. In addition, significant changes in the capital markets, including the extreme volatility and disruption, have had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. An inability to raise capital, and any required sale of our investments for liquidity purposes, could have a material adverse impact on our business, financial condition or results of operations. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so, and we may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of the portfolio companies in which we make investments may be susceptible to economic slowdowns or recessions and may be unable to repay the loans we made to them during these periods. Therefore, our non-performing assets may increase and the value of our portfolio may decrease during these periods as we are required to record our investments at their current fair value. Adverse economic conditions also may decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our and our portfolio companies' funding costs, limit our and our portfolio companies' access to the capital markets or result in a decision by lenders not to extend credit to us or our portfolio companies. These events could prevent us from increasing investments and harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, acceleration of the time when the loans are due and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize the portfolio company's ability to meet its obligations under the debt that we hold. We may incur additional expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we will actually provide significant managerial assistance to that portfolio company, a bankruptcy court might subordinate all or a portion of our claim to that of other creditors

Uncertainty about the financial stability of the United States could have a significant adverse effect on our business, financial condition and results of operations.

Due to federal budget deficit concerns, S&P downgraded the federal government's credit rating from AAA to AA+ for the first time in history in August 2011. Further, Moody's and Fitch had warned that they may downgrade the federal government's credit rating. Further downgrades or warnings by S&P or other rating agencies, and the United States government's credit and deficit concerns in general, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased U.S. government credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

The Federal Reserve has raised the federal funds rate multiple times in recent quarters and has announced its intention to continue to raise the federal funds rate over time. These developments, along with domestic credit and deficit concerns and any global debt and/or economic crises, could cause interest rates to be volatile, which may negatively impact our ability to access the debt markets on favorable terms.

Our investment portfolio is and will continue to be recorded at fair value as determined in good faith by our Board of Directors and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.

Under the 1940 Act, we are required to carry our portfolio investments at market value or, if there is no readily available market value, at fair value as determined in good faith by our Board of Directors. Typically there is not a public market for the securities of the privately held companies in which we have invested and will generally continue to invest. As a result, we value these securities quarterly at fair value as determined in good faith by our Board of Directors based on input from management, a nationally recognized independent advisor (on a rotational basis) and our audit committee. See "Item 1. Business - Valuation Process and Determination of Net Asset Value" for a detailed description of our valuation process.

The determination of fair value and consequently, the amount of unrealized appreciation and depreciation in our portfolio, is to a certain degree subjective and dependent on the judgment of our Board of Directors. Certain factors that may be considered in determining the fair value of our investments include the nature and realizable value of any collateral, the portfolio company's earnings and its ability to make payments on its indebtedness, the markets in which the portfolio company does business, comparison to comparable publicly-traded companies, discounted cash flows and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. Due to this uncertainty, our fair value determinations may cause our net asset value on a given date to materially understate or overstate the value that we may ultimately realize upon the sale or disposition of one or more of our investments. As a result, investors purchasing our securities based on an overstated net asset value would pay a higher price than the value of our investments might warrant. Conversely, investors selling shares during a period in which the net asset value understates the value of our investments will receive a lower price for their shares than the value of our investments might warrant.

Volatility or a prolonged disruption in the credit markets could materially damage our business.

We are required to record our assets at fair value, as determined in good faith by our Board of Directors in accordance with our valuation policy. As a result, volatility in the capital markets may adversely affect our valuations and our net asset value, even if we intend to hold investments to maturity. Volatility or dislocation in the capital markets may depress our stock price below our net asset value per share and create a challenging environment in which to raise debt and equity capital. As a BDC, we are generally not able to issue additional shares of our common stock at a price less than net asset value without first obtaining approval for such issuance from our stockholders and our independent directors. Additionally, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage under the 1940 Act must equal at least 200% of total indebtedness immediately after each time we incur indebtedness exclusive of the SBA-guaranteed debentures pursuant to our SEC exemptive relief. Shrinking portfolio values negatively impact our ability to borrow additional funds or issue additional debt securities because our net asset value is reduced for purposes of the 200% asset leverage test. If the fair value of our assets declines substantially, we may fail to maintain the asset coverage ratio stipulated by the 1940 Act, which could, in turn, cause us to lose our status as a BDC and materially impair our business operations. A protracted disruption in the credit markets could also materially decrease demand for our investments.

The significant disruption in the capital markets experienced in the past had and may in the future have a negative effect on the valuations of our investments, and on the potential for liquidity events involving our investments. The debt capital that will be available to us in the future, if at all, is likely to have a higher cost and less favorable terms and conditions. If our financing costs increase and we have no increase in interest income, then our net investment income will decrease. A prolonged inability to raise capital will require us to reduce the volume of loans we originate and could have a material adverse impact on our business, financial condition or results of operations. This may also increase the probability that other structural risks negatively impact us. These situations may arise due to circumstances that we may be unable to control, such as a protracted disruption in the credit markets, a severe decline in the value of the U.S. dollar, a sharp economic downturn or an operational problem that affects third parties or us, and could materially damage our business.

We operate in a highly competitive market for investment opportunities.

A large number of entities compete with us to make the types of investments that we make in target companies. We compete for investments with other BDCs and investment funds (including private equity funds and mezzanine funds), as well as traditional financial services companies such as commercial and investment banks and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, also invest in lower middle market companies. As a result, competition for investment opportunities in lower middle market companies is intense. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in lower middle market companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC.

We are dependent upon our executives for our future success.

We depend on the members of our senior management team, particularly executive officers E. Ashton Poole, Steven C. Lilly, Jeffrey A. Dombcik, Cary B. Nordan and Douglas A. Vaughn, for the final selection, structuring, closing and monitoring of our investments. These executive officers have critical industry experience and relationships that we rely on to implement our business plan. If we lose the services of these individuals, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer.

Our success depends on attracting and retaining qualified personnel in a competitive environment.

We experience competition in attracting and retaining qualified personnel, particularly investment professionals, and we may be unable to maintain or grow our business if we cannot attract and retain such personnel. Our ability to attract and retain personnel with the requisite credentials, experience and skills depends on several factors including, but not limited to, our ability to offer competitive wages, benefits and professional growth opportunities. Many of the entities, including investment funds (such as private equity funds and mezzanine funds) and traditional financial services companies, with which we compete for experienced personnel have greater resources than we have.

The competitive environment for qualified personnel may require us to take certain measures to ensure that we are able to attract and retain experienced personnel. Such measures may include increasing the attractiveness of our overall compensation packages, altering the structure of our compensation packages through the use of additional forms of compensation, utilization of employment contracts for our executive officers or other steps. The inability to attract and retain experienced personnel could have a material adverse effect on our business.

Our business model depends to a significant extent upon strong referral relationships, and our inability to maintain or develop these relationships, as well as the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that members of our management and investment teams will maintain their relationships with financial institutions, private equity and other non-bank investors, investment bankers, commercial bankers, attorneys, accountants and consultants, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If our management and investment teams fail to maintain their existing relationships or develop new relationships with other sponsors or sources of investment opportunities, we will not be able to grow our investment portfolio. In addition, individuals with whom members of our management and investment teams have relationships are not obligated to provide us with investment opportunities, and, therefore, there is no assurance that such relationships will generate investment opportunities for us.

Our long-term ability to fund new investments and make distributions to our stockholders could be limited if we are unable to renew, extend, replace or expand our credit facility, or if financing becomes more expensive or less available.

On May 1, 2017, we entered into an amendment to the Credit Facility, which (i) increased current commitments under the Credit Facility from $300.0 million to $435.0 million, (ii) provides for an accordion feature that allows for an increase in commitments to up to $550.0 million from new and existing lenders on the same terms and conditions as the existing commitments, and (iii) extends the maturity of the Credit Facility by two years. In July 2017, we increased our commitments under the Credit Facility by $30.0 million to $465.0 million and in September 2017, we again increased our commitments under the Credit Facility from $465.0 million to $480.0 million. If we are unable to meet the terms of the accordion feature, we will be unable to further expand the facility. The revolving period of the Credit Facility ends April 30, 2021, followed by a one-year amortization period with a final maturity date of April 30, 2022. If the facility is not renewed or extended, all principal and interest will be due and payable.

There can be no guarantee that we will be able to renew, extend or replace the Credit Facility when principal payments are due and payable on terms that are favorable to us, if at all. Our ability to expand the Credit Facility, and to obtain replacement financing when principal payments are due and payable, will be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to expand the Credit Facility, or to renew, extend or replace the Credit Facility when principal payments are due and payable, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify for tax treatment as a RIC under the Code.

Regulations governing our operation as a business development company will affect our ability to, and the way in which we raise additional capital.

Our business will require capital to operate and grow. We may acquire such additional capital from the following sources:

Senior Securities. Currently we, through our SBIC subsidiaries, have issued debt securities guaranteed by the SBA. We have also issued three classes of notes in registered public offerings, two of which are still outstanding. In the future, we may issue additional debt securities or preferred stock, and/or borrow money from banks or other financial institutions (including borrowings under our Credit Facility), which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including, but not limited to, the following:

- Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our debt at a time when such sales and/or repayments may be disadvantageous. Further we may not be permitted to declare a dividend or make any distribution to stockholders or repurchase shares until such time as we satisfy this test.
- Any amounts that we use to service our debt or make payments on preferred stock will not be available for distributions to our common stockholders.
- It is likely that any securities or other indebtedness we issue will be, and our Credit Facility and our existing notes are, governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.

- We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities and other indebtedness.
- Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.

Additional Common Stock. Under the provisions of the 1940 Act, we are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock or warrants, options or rights to acquire our common stock, at a price below the then-current net asset value per share of our common stock if our Board of Directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. At our Annual Stockholders Meeting on May 3, 2017, our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of one year ending on the earlier of May 3, 2018 or the date of our 2018 annual meeting of stockholders. The proposal did not specify a maximum discount below net asset value at which we are able to sell or otherwise issue our common stock; however, we do not intend to sell or otherwise issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so. In any such case, however, the price at which shares of our common stock are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future on favorable terms, or at all.

In addition to regulatory limitations on our ability to raise capital, our Credit Facility contains various covenants, which, if not complied with, could accelerate our repayment obligations under the Credit Facility, thereby materially and adversely affecting our liquidity, financial condition, results of operations and ability to pay distributions.

We will have a continuing need for capital to finance our investments. We are party to the Credit Facility, which provides us with a revolving credit line of up to $550.0 million, of which $480.0 million is currently committed for funding. The Credit Facility contains customary terms and conditions, including, without limitation, affirmative and negative covenants such as information reporting requirements, minimum consolidated tangible net worth, minimum interest coverage, minimum asset coverage, maintenance of RIC and BDC status and minimum liquidity. The Credit Facility also contains customary events of default with customary cure and notice, 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 permits us to fund additional loans and investments as long as we are within the conditions set out in the credit agreement. Our continued compliance with these covenants depends on many factors, some of which are beyond our control, and there can be no assurance that we will continue to comply with these covenants. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

Our SBIC subsidiaries are licensed by the SBA, and therefore subject to SBA regulations.

Our SBIC subsidiaries are licensed to act as SBICs and are regulated by the SBA. Pursuant to SBA regulations, an SBIC can provide financing in the form of debt, debt with equity features and/or equity to "eligible" small businesses. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. See "Item 1. Business — Small Business Administration Regulations" for more discussion on these limitations. Compliance with SBA requirements may cause our SBIC subsidiaries, and us, as their parent, to forgo attractive investment opportunities that are not permitted under SBA regulations.

Further, the SBA regulations require that a licensed SBIC be examined and audited by the SBA to determine its compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a “change of control” of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10.0% or more of a class of capital stock of a licensed SBIC. If our SBIC subsidiaries fail to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit our SBIC subsidiaries’ use of debentures, declare outstanding debentures immediately due and payable, and/or limit our SBIC subsidiaries from making new investments. In addition, the SBA can remove the general partners of our SBIC subsidiaries and have a receiver appointed, or revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us because our SBIC subsidiaries are wholly-owned.

SBA regulations limit the outstanding dollar amount of SBA-guaranteed debentures that may be issued by an SBIC or group of SBICs under common control.

The SBA regulations currently limit the dollar amount of SBA-guaranteed debentures that can be issued by any one SBIC to $150.0 million or to a group of SBICs under common control to $350.0 million, subject to SBA approval. Moreover, an SBIC may not borrow an amount in excess of two times (and in certain cases, with SBA approval, up to three times) its regulatory capital, as such term is defined in the SBA regulations. As of December 31, 2017, Triangle SBIC had issued the statutory maximum of $150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued $100.0 million of SBA-guaranteed debentures, leaving borrowing capacity of a maximum of $100.0 million of SBA-guaranteed debentures for Triangle SBIC III. If we require additional capital, our cost of capital is likely to increase, and there is no assurance that we will be able to obtain additional financing on acceptable terms.

Moreover, the current status of our SBIC subsidiaries as SBICs does not automatically ensure that our SBIC subsidiaries will continue to receive SBA-guaranteed debenture funding. Receipt of SBA leverage funding is dependent upon our SBIC subsidiaries continuing to be in compliance with SBA regulations and policies and available SBA funding. The amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and in the future may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient debenture funding available at the times desired by our SBIC subsidiaries.

The debentures guaranteed by the SBA have a maturity of ten years and require semi-annual payments of interest. Our SBIC subsidiaries will need to generate sufficient cash flow to make required interest payments on the debentures. If our SBIC subsidiaries are unable to meet their financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to our SBIC subsidiaries’ assets over our stockholders in the event we liquidate our SBIC subsidiaries or the SBA exercises its remedies under such debentures as the result of a default by us.

Because we borrow money and may in the future issue additional senior securities, including preferred stock and debt securities, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for gain or loss on invested equity capital. As we use leverage to partially finance our investments, our stockholders experience increased risks associated with investing in our securities. We currently have the ability to borrow under our Credit Facility and have issued debt securities, and in the future may borrow from, or issue additional debt securities to, banks, insurance companies, funds, institutional investors and other lenders and investors. Our SBIC subsidiaries have issued debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of our SBIC subsidiaries that are superior to the claims of our common stockholders. In addition, our Credit Facility contains financial and operating covenants that could restrict our business activities, including our ability to declare dividends if we default under certain provisions. Breach of any of those covenants could cause a default under those instruments. Such a default, if not cured or waived, could have a material adverse effect on us. The lenders party to the Credit Facility are secured primarily by our assets, excluding the assets of our SBIC subsidiaries, and have claims that are superior to the claims of our common stockholders. We may also borrow from banks and other lenders or issue additional securities including preferred stock and debt securities in the future. If the value of our assets increases, then leveraging would cause the net asset value attributable to our common stock to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause net asset value to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net investment income to increase more than it would without the leverage, while any decrease in our income would cause our net investment income to decline more sharply than it would have had we not borrowed. Such a decline could negatively affect our ability to make distributions to our stockholders. Leverage is generally considered a speculative investment technique.

As of December 31, 2017, we had $166.8 million in aggregate principal amount outstanding of our unsecured notes, $250.0 million in outstanding SBA-guaranteed debentures payable and $156.1 million outstanding under our Credit Facility. In order for us to cover our annual interest payments on this indebtedness, we must achieve annual returns on our December 31, 2017 total assets of at least 2.2%.

Illustration. The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below.

	Assumed Return on our Portfolio (Net of Expenses)				
	(10.0)%	(5.0)%	0.0 %	5.0%	10.0%
Corresponding net return to stockholder(1)	(23.9)%	(14.3)%	(4.8)%	4.8%	14.3%

(1) Assumes $1.2 billion in total assets, $572.8 million in principal amount of debt outstanding, $641.3 million in net assets and an average cost of funds of 5.35%, which was the weighted average borrowing cost of our borrowings at December 31, 2017.

Our ability to achieve our investment objective may depend in part on our ability to achieve additional leverage on favorable terms by issuing additional securities or debentures guaranteed by the SBA, by borrowing from banks or insurance companies or by expanding our line of credit, and there can be no assurance that such additional leverage can in fact be achieved.

There can be no assurance that our Board of Directors' review of strategic alternatives will result in a transaction or, if a transaction is consummated, that we will be able to achieve some or all of the benefits anticipated from such transaction.

As initially announced in November 2017, our Board of Directors has elected to explore and evaluate a broad range of strategic alternatives to enhance long-term stockholder value and has engaged an investment banking firm as its financial advisor in connection therewith. There can be no assurance that this strategic alternatives review process will result in a transaction, or if a transaction is undertaken, as to its terms or timing. Our ability to successfully complete any strategic transaction is subject to significant risks, including, among others, the risk that any required regulatory or governmental approvals may not be obtained and the risk that, for this or other reasons, we may be unable to achieve some or all of the benefits that we anticipated from such transaction.

We may in the future determine to fund a portion of our investments with preferred stock, which would magnify the potential for gain or loss and the risks of investing in us in the same way as our borrowings.

Preferred stock, which is another form of leverage, has the same risks to our common stockholders as borrowings because the dividends on any preferred stock we issue must be cumulative. Payment of such dividends and repayment of the liquidation preference of such preferred stock must take preference over any dividends or other payments to our common stockholders, and preferred stockholders are not subject to any of our expenses or losses and are not entitled to participate in any income or appreciation in excess of their stated preference.

We may experience fluctuations in our quarterly results.

We could experience fluctuations in our quarterly operating results due to a number of factors, including our ability or inability to make investments in companies that meet our investment criteria, the interest rate payable on the debt securities we acquire, the level of our expenses, variations in and the timing of the recognition of realized and unrealized gains or losses, the degree to which we encounter competition in our markets and general economic conditions. As a result of these factors, results for any period should not be relied upon as being indicative of performance in future periods.

Our ability to enter into and exit investment transactions with our affiliates is restricted.

Except in those instances where we have received prior exemptive relief from the SEC, we are prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our independent directors and, in some cases, prior approval of the SEC. Any person that owns, directly or indirectly, 5.0% or more of our outstanding voting securities is deemed our affiliate for purposes of the 1940 Act and we are generally prohibited from buying or selling any security from or to such affiliate, absent the prior approval of our independent directors. The 1940 Act also prohibits “joint” transactions with an affiliate, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors. If a person acquires more than 25.0% of our voting securities, we will be prohibited from buying or selling any security from or to such person, or entering into joint transactions with such person, absent the prior approval of the SEC. These restrictions could limit or prohibit us from making certain attractive investments that we might otherwise make absent such restrictions.

Our Board of Directors may change our investment objectives, operating policies and strategies without prior notice or stockholder approval, the effects of which may be adverse.

Our Board of Directors has the authority to modify or waive our current investment objectives, operating policies and strategies without prior notice and without stockholder approval (except as required by the 1940 Act). However, absent stockholder approval, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you distributions and cause you to lose all or part of your investment. Moreover, we will have significant flexibility in investing the net proceeds from any future offering and may use the net proceeds from such offerings in ways with which investors may not agree or for purposes other than those contemplated at the time of the offering.

We will be subject to corporate-level U.S. federal income tax if we are unable to maintain our tax treatment as a regulated investment company under Subchapter M of the Code, which will adversely affect our results of operations and financial condition.

We have elected to be treated as a RIC under the Code, which generally will allow us to avoid being subject to corporate-level U.S. federal income tax. To obtain and maintain RIC tax treatment under the Code, we must meet the following annual distribution, income source and asset diversification requirements:

- The Annual Distribution Requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90.0% of our net ordinary income and net short-term capital gain in excess of net long-term capital loss, or "investment company taxable income" or ICTI." if any. We will be subject to a 4.0% nondeductible U.S. federal excise tax, however, to the extent that we do not satisfy certain additional minimum distribution requirements on a calendar year basis. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and are currently, and may in the future become, subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the Annual Distribution Requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.
- The income source requirement will be satisfied if we obtain at least 90.0% of our income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.

- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50.0% of the value of our assets must consist of cash, cash equivalents, U.S. government securities, securities of other RICs, and other acceptable securities; and no more than 25.0% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer, of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly traded partnerships.” Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC tax treatment. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

If we fail to qualify for or maintain RIC tax treatment for any reason and are subject to corporate-level U.S. federal income tax, the resulting corporate taxes could substantially reduce our net assets, the amount of income available for distribution and the amount of our distributions. We may also be subject to certain U.S. federal excise taxes, as well as state, local and foreign taxes.

We may not be able to pay distributions to our stockholders, our distributions may not grow over time, a portion of distributions paid to our stockholders may be a return of capital and investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to pay quarterly distributions to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. Our ability to pay distributions might be harmed by, among other things, the risk factors described in this Annual Report. In addition, the inability to satisfy the asset coverage test applicable to us as a BDC could, in the future, limit our ability to pay distributions. All distributions will be paid at the discretion of our Board of Directors and will depend on our earnings, our financial condition, maintenance of our RIC tax treatment, compliance with applicable BDC regulations, our SBIC subsidiaries’ compliance with applicable SBIC regulations, compliance with the covenants of our debt securities and such other factors as our Board of Directors may deem relevant from time to time. In addition, our line of credit may restrict the amount of distributions we are permitted to make. We cannot assure you that we will pay distributions to our stockholders in the future.

The above-referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt securities, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

When we make quarterly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings and profits, recognized capital gain or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for U.S. federal income tax purposes, which may result in a higher tax liability when the shares are sold, even if they have not increased in value or have lost value.

We may have difficulty paying our required distributions if we recognize income before or without receiving cash representing such income.

For U.S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with contractual PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income 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. Investments structured with these features may represent a higher level of credit risk compared to investments generating income which must be paid in cash on a current basis. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discounts and include such amounts in our taxable income in the current year, instead of upon disposition, as an election not to do so would limit our ability to deduct interest expenses for U.S. federal income tax purposes.

Because any original issue discount or other amounts accrued will be included in our ICTI for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the annual distribution requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to obtain and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax. For additional discussion regarding the tax implications of a RIC, see “Material U.S. Federal Income Tax Considerations — Taxation as a RIC” included in Item 1 of Part 1 of this Annual Report on Form 10-K.

You may have a current tax liability on distributions reinvested in our common stock pursuant to our dividend reinvestment plan but would not receive cash from such distributions to pay such tax liability.

If you participate in our dividend reinvestment plan, you will be deemed to have received, and for U.S. federal income tax purposes will be taxed on, the amount reinvested in our common stock to the extent the amount reinvested was not a tax-free return of capital. As a result, unless you are a tax-exempt entity, you may have to use funds from other sources to pay your tax liability on the value of our common stock received from the distribution.

Our SBIC subsidiaries, as SBICs, may be unable to make distributions to us that may harm our ability to meet regulated investment company requirements, which could result in the imposition of an entity-level tax.

In order for us to continue to qualify for tax treatment as a RIC, we will be required to distribute on an annual basis substantially all of our taxable income, including income from our subsidiaries, including our SBIC subsidiaries. As a significant amount of our investments are generally held by our SBIC subsidiaries, we will be substantially dependent on our SBIC subsidiaries for cash distributions to enable us to meet the RIC distribution requirements. Our SBIC subsidiaries may be limited by the Small Business Investment Act, and SBA regulations governing SBICs, from making certain distributions to us that may be necessary to enable us to qualify for tax treatment as a RIC. In this regard, SBA regulations prohibit Triangle SBIC, Triangle SBIC II, and Triangle SBIC III from making distributions to us when they have negative “retained earnings available for distribution,” which is calculated as “net retained earnings minus unrealized depreciation.” We may have to request a waiver of the SBA’s restrictions for our SBIC subsidiaries to make certain distributions to maintain our tax treatment as a RIC. We cannot assure you that the SBA will grant such waiver and if our SBIC subsidiaries are unable to obtain a waiver, compliance with the SBA regulations may result in loss of RIC tax treatment and a consequent imposition of corporate-level U.S. federal income tax on us.

Pursuant to SBA regulations, an SBIC with outstanding debenture leverage may only distribute cumulative realized profits (less unrealized losses on investments). It may not return more than 2% of its outstanding capital in any fiscal year without prior SBA approval. Historically, the SBA has permitted payment in excess of 2% only pursuant to an approved wind-up plan filed by the SBIC pursuant to which the SBA determines that repayment of outstanding debentures is adequately assured.

Because we intend to distribute substantially all of our income to our stockholders to maintain our tax treatment as a regulated investment company, we will continue to need additional capital to finance our growth, and regulations governing our operation as a business development company will affect our ability to, and the way in which we, raise additional capital and make distributions.

In order to satisfy the requirements applicable to a RIC, and to avoid payment of U.S. federal excise tax, we intend to distribute to our stockholders substantially all of our net ordinary income and net capital gain income except for certain net long-term capital gains recognized after we became a RIC, some or all of which we may retain, pay applicable U.S. federal income taxes with respect thereto and elect to treat as deemed distributions to our stockholders. As a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which includes all of our borrowings (other than SBA leverage) and any preferred stock we may issue in the future, of at least 200.0%. This requirement limits the amount that we may borrow and may prohibit us from making distributions. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments or sell additional securities and, depending on the nature of our leverage, to repay a portion of our indebtedness at a time when such sales may be disadvantageous. In addition, issuance of additional securities could dilute the percentage ownership of our current stockholders in us.

While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our net asset value could decline. In addition, as a BDC, we generally are not permitted to issue equity securities priced below our then-current net asset value per share without stockholder approval. At our Annual Stockholders Meeting on May 3, 2017, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of May 3, 2018 or the date of our 2018 annual meeting of stockholders. The proposal did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so.

We cannot predict how tax reform legislation will affect us, our investments, or our stockholders, and any such legislation could adversely affect our business.

Legislative or other actions relating to taxes could have a negative effect on us. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. The U.S. House of Representatives and U.S. Senate recently passed tax reform legislation, which the President recently signed into law. Such legislation will make many changes to the Internal Revenue Code, including significant changes to the taxation of business entities, the deductibility of interest expense, and the tax treatment of capital investment. We cannot predict with certainty how any changes in the tax laws might affect us, our stockholders, or our portfolio investments. New legislation and any U.S. Treasury regulations, administrative interpretations or court decisions interpreting such legislation could significantly and negatively affect our ability to qualify for tax treatment as a RIC or the U.S. federal income tax consequences to us and our stockholders of such qualification, or could have other adverse consequences. Stockholders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in our securities.

Changes in laws or regulations governing our operations may adversely affect our business or cause us to alter our business strategy.

We are subject to regulation at the local, state and federal level. New legislation may be enacted or new interpretations, rulings or regulations could be adopted, including those governing the types of investments we are permitted to make, any of which could harm us and our stockholders, potentially with retroactive effect. In addition, any change to the SBA's current debenture program could have a significant impact on our ability to obtain lower-cost leverage and, therefore, any competitive advantage we may have over other finance companies.

Additionally, any changes to the laws and regulations governing our operations relating to permitted investments may cause us to alter our investment strategy in order to avail ourselves of new or different opportunities. Such changes could result in material differences to the strategies and plans set forth in this Annual Report and may result in our investment focus shifting from the areas of expertise of our management team to other types of investments in which our management team may have less expertise or little or no experience. Thus, any such changes, if they occur, could have a material adverse effect on our results of operations and the value of your investment.

Efforts to comply with the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with the Sarbanes-Oxley Act may adversely affect us.

We are subject to the Sarbanes-Oxley Act and the related rules and regulations promulgated by the SEC. Among other requirements, under Section 404 of the Sarbanes-Oxley Act and rules and regulations of the SEC thereunder, our management is required to report on our internal controls over financial reporting. We are required to review, on an annual basis, our internal controls over financial reporting, and to evaluate and disclose, on a quarterly and annual basis, significant changes in our internal controls over financial reporting. We have and expect to continue to incur significant expenses related to compliance with the Sarbanes-Oxley Act, which will negatively impact our financial performance and our ability to make distributions. In addition, this process results in a diversion of management's time and attention. In the event that we are unable to maintain compliance with the Sarbanes-Oxley Act and related rules, we may be adversely affected.

The Credit Facility with potential members of the underwriting syndicate may not be as favorable to us as if it had been negotiated with unaffiliated third-parties.

Our credit facility includes lenders that have acted and may in the future act as members of the underwriting syndicate for securities issued pursuant to a previously filed registration statement. Consequently the terms may not be as favorable to us as if they had been negotiated with unrelated third parties.

We face cybersecurity risks.

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

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

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

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

Our business and operations may be negatively affected by securities litigation or stockholder activism, which could cause us to incur significant expense, hinder execution of our investment strategy and impact our stock price.

In the past, following periods of volatility in the market price of a company's securities, securities class-action litigation has often been brought against that company. Stockholder activism, which could take many forms or arise in a variety of situations, has been increasing in the BDC space recently. For example, we and certain of our current and former executive officers have been named defendants in two separate class-action lawsuits asserting claims under Section 10(b) and Section 20(a) of the Exchange Act, and, due to the potential volatility of our stock price and for a variety of other reasons, we may in the future become the target of further securities litigation or stockholder activism. See "Legal Proceedings" in Item 3 of Part I of this Annual Report for more information. Securities litigation and stockholder activism, including potential proxy contests, may result in substantial costs and divert management's and our Board of Directors' attention and resources from our business. Additionally, such securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with service providers and make it more difficult to attract and retain qualified personnel. Also, we may be required to incur significant legal fees and other expenses related to any securities litigation and activist stockholder matters. Further, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism.

We could face losses and potential liability if intrusion, viruses or similar disruptions to our technology jeopardize our confidential information or that of users of our technology.

Although we have implemented, and will continue to implement, security measures, our technology platform is and will continue to be vulnerable to intrusion, computer viruses or similar disruptive problems caused by unauthorized users. The misappropriation of proprietary information could expose us to a risk of loss or litigation.

Risks Relating to Our Investments

Our investments in portfolio companies may be risky, and we could lose all or part of our investment.

Investing in lower middle market companies involves a number of significant risks. Among other things, these companies:

- may have limited financial resources to meet future capital needs and thus may be unable to grow or meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;
- may have shorter operating histories, narrower product lines, smaller market shares and/or more significant customer concentration than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
- generally have less predictable operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- generally have less publicly available information about their businesses, operations and financial condition. We rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.

In addition, in the course of providing significant managerial assistance to certain of our portfolio companies, certain of our officers and directors may serve as directors on the boards of such companies. We currently are, and may in the future be, subject to litigation that arises out of our investments in these companies, and our officers and directors may be named as defendants in such litigation, which could result in an expenditure of funds (through our indemnification of such officers and directors) and the diversion of management's time and resources.

The lack of liquidity in our investments may adversely affect our business.

We invest in companies whose securities are not publicly traded, and whose securities are subject to legal and other restrictions on resale, or are otherwise less liquid than publicly traded securities. The illiquidity of these investments may make it difficult for us to sell these investments when desired. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded these investments. As a result, we do not expect to achieve liquidity in our investments in the near-term. Our investments are usually subject to contractual or legal restrictions on resale or are otherwise illiquid because there is usually no established trading market for such investments. The illiquidity of most of our investments may make it difficult for us to dispose of them at a favorable price, and, as a result, we may suffer losses.

We may not have the funds or ability to make additional investments in our portfolio companies.

We may not have the funds or ability to make additional investments in our portfolio companies. After our initial investment in a portfolio company, we may be called upon from time to time to provide additional funds to such company or have the opportunity to increase our investment through the exercise of a warrant to purchase common stock. There is no assurance that we will make, or will have sufficient funds to make, follow-on investments. Any decisions not to make a follow-on investment or any inability on our part to make such an investment may have a negative impact on a portfolio company in need of such an investment, may result in a missed opportunity for us to increase our participation in a successful operation or may reduce the expected yield on the investment.

Our portfolio companies may incur debt or issue securities that rank equally with, or senior to, our investments in such companies.

We invest in senior and subordinated debt securities generally secured by security interests in portfolio company assets, coupled with equity interests. Our portfolio companies may have, or may be permitted to incur, other debt, or issue other securities that rank equally with, or senior to, the debt in which we invest. By their terms, such instruments may entitle the holders to receive payment of dividends, interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of securities ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such holders, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of securities ranking equally with our investments, we would have to share on an equal basis any distributions with other security holders in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

The rights we may have with respect to the collateral securing any junior priority loans we make to our portfolio companies may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that senior obligations are outstanding, we may forfeit certain rights with respect to the collateral to the holders of the senior obligations. These rights may include the right to commence enforcement proceedings against the collateral, the right to control the conduct of such enforcement proceedings, the right to approve amendments to collateral documents, the right to release liens on the collateral and the right to waive past defaults under collateral documents. We may not have the ability to control or direct such actions, even if as a result our rights as junior lenders are adversely affected.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we may have structured certain of our investments as senior loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances and based upon principles of equitable subordination as defined by existing case law, a bankruptcy court could subordinate all or a portion of our claim to that of other creditors and transfer any lien securing such subordinated claim to the bankruptcy estate. The principles of equitable subordination defined by case law have generally indicated that a claim may be subordinated only if its holder is guilty of misconduct or where the senior loan is re-characterized as an equity investment and the senior lender has actually provided significant managerial assistance to the bankrupt debtor. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance or actions to compel and collect payments from the borrower outside the ordinary course of business.

Second priority liens on collateral securing loans that we make to our portfolio companies may be subject to control by senior creditors with first priority liens. If there is a default, the value of the collateral may not be sufficient to repay in full both the first priority creditors and us.

Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender's consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us to enter into an "intercreditor agreement" prior to permitting the portfolio company to borrow from us. Typically the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (i) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (ii) the nature, timing and conduct of foreclosure or other collection proceedings; (iii) the amendment of any collateral document; (iv) the release of the security interests in respect of any collateral; and (v) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans.

Finally, the value of the collateral securing our debt investment will ultimately depend on market and economic conditions, the availability of buyers and other factors. Therefore, there can be no assurance that the proceeds, if any, from the sale or sales of all of the collateral would be sufficient to satisfy the loan obligations secured by our second priority liens after payment in full of all obligations secured by the senior lender's first priority liens on the collateral. There is also a risk that such collateral securing our investments may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the portfolio company and market conditions. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by our second priority liens, then we, to the extent not repaid from the proceeds from the sale of the collateral, will only have an unsecured claim against the company's remaining assets, if any.

Our investments in foreign companies may involve significant risks in addition to the risks inherent in U.S. investments.

Our investment strategy contemplates potential investments in foreign companies. Investing in foreign companies may expose us to additional risk not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes (potentially at confiscatory levels), less liquid markets, less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Although most of our investments will be U.S.-dollar denominated, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we cannot assure you that such strategies will be effective or without risk to us.

If we do not invest a sufficient portion of our assets in qualifying assets, we could fail to qualify as a business development company or be precluded from investing according to our current business strategy.

As a BDC, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70.0% of our total assets are qualifying assets. For further detail, see "Regulation of Business Development Companies" included in Item 1 of Part I of this Annual Report on Form 10-K.

We believe that substantially all of our investments are qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC. If we fail to maintain our status as a BDC, we might be regulated as a closed-end investment company that is required to register under the 1940 Act, which would subject us to additional regulatory restrictions and significantly decrease our operating flexibility. In addition, any such failure could cause an event of default under our outstanding indebtedness. For these reasons, loss of BDC status likely would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position).

We are a non-diversified investment company within the meaning of the 1940 Act, and therefore we are not limited with respect to the proportion of our assets that may be invested in securities of a single issuer.

We are classified as a non-diversified investment company within the meaning of the 1940 Act, which means that we are not limited by the 1940 Act with respect to the proportion of our assets that we may invest in securities of a single issuer. To the extent that we assume large positions in the securities of a small number of issuers, our net asset value may fluctuate to a greater extent than that of a diversified investment company as a result of changes in the financial condition or the market's assessment of the issuer. We may also be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements and certain SBA diversification requirements for our investments held by our three wholly-owned SBIC subsidiaries, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

We generally will not control our portfolio companies.

We do not, and do not expect to, control most of our portfolio companies, even though we may have board representation or board observation rights, and our debt agreements may contain certain restrictive covenants. As a result, we are subject to the risk that a portfolio company in which we invest may make business decisions with which we disagree, and the management of such company, as representatives of the holders of their common equity, may take risks or otherwise act in ways that do not serve our interests as debt investors. Due to the lack of liquidity for our investments in non-traded companies, we may not be able to dispose of our interests in our portfolio companies as readily as we would like or at an appropriate valuation. As a result, a portfolio company may make decisions that could decrease the value of our portfolio holdings.

Economic recessions or downturns could impair our portfolio companies and harm our operating results.

Many of our portfolio companies may be susceptible to economic downturns or recessions and may be unable to repay our loans during these periods. Therefore, during these periods our non-performing assets may increase and the value of these assets may decrease. Adverse economic conditions may also decrease the value of collateral securing some of our loans and the value of our equity investments. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us. These events could prevent us from increasing investments and harm our operating results. We experienced to some extent such effects as a result of the economic downturn that occurred from 2008 through 2009 and may experience such effects again in any future downturn or recession.

The recent volatility of oil and natural gas prices could impair certain of our portfolio companies' operations and ability to satisfy obligations to their respective lenders and investors, including us, which could negatively impact our financial condition.

Some of our portfolio companies' businesses are dependent upon the prices of, and demand for, oil and natural gas, which have recently declined and such volatility could continue in the future. A substantial or extended decline in oil and natural gas demand or prices may adversely affect the business, financial condition, cash flow, liquidity or results of operations of these portfolio companies and might impair their ability to meet capital expenditure obligations and financial commitments.

Financial results may be affected adversely if one or more of our portfolio investments defaults on its loans or fails to perform as we expect.

Our portfolio consists primarily of debt and equity investments in privately owned lower middle market businesses. Compared to larger publicly owned companies, these lower middle market companies may be in a weaker financial position and experience wider variations in their operating results, which may make them more vulnerable to economic downturns. Typically, these companies need more capital to compete; however, their access to capital is limited and their cost of capital is often higher than that of their competitors. Our portfolio companies face intense competition from larger companies with greater financial, technical and marketing resources and their success typically depends on the management talents and efforts of an individual or a small group of persons. The loss of any of their key employees could affect their ability to compete effectively and harm their financial condition. Further, some of these companies conduct business in regulated industries that are susceptible to regulatory changes. These factors could impair the cash flow of our portfolio companies and result in other events, such as bankruptcy. These events could limit a portfolio company's ability to repay their obligations to us, which may have an adverse effect on the return on, or the recovery of, our investment in these businesses. Deterioration in a borrower's financial condition and prospects may be accompanied by deterioration in the value of the loan's collateral.

Some of these companies cannot obtain financing from public capital markets or from traditional credit sources, such as commercial banks. Accordingly, loans made to these types of companies pose a higher default risk than loans made to companies who have access to traditional credit sources.

Generally, little, if any, public information is available about such companies. Therefore, we must rely on our employees' diligence to obtain the information needed, such as the financial information of these companies, to make well-informed investment decisions. If we do not uncover material information about these companies, we may not make a fully informed investment decision, which could, in turn cause us to lose money on our investments.

Potential writedowns or losses with respect to portfolio investments existing and to be made in the future could adversely affect our results of operations, cash flows, dividend level, net asset value and stock price.

As of December 31, 2017, the fair value of our non-accrual assets was approximately $15.8 million, which comprised approximately 1.6% of the total fair value of our portfolio. The cost of these non-accrual assets as of December 31, 2017 was approximately $120.1 million, which comprised approximately 10.7% of the total cost of our portfolio.

In addition to our non-accrual assets, as of December 31, 2017, we had, on a fair value basis, approximately $133.2 million of debt investments, or 13.1% of the total fair value of our portfolio, which were current with respect to scheduled interest and principal payments, but which were carried at less than cost due to company-specific fair value adjustments. In light of current economic conditions, certain of our portfolio companies may be unable to service our debt investments on a timely basis. These conditions may also decrease the value of collateral securing some of our debt investments, as well as the value of our equity investments. As a result, the number of non-performing assets in our portfolio may increase, and the overall value of our portfolio may decrease, which could lead to financial losses in our portfolio and a decrease in our investment income, net investment income, dividends and assets.

Any unrealized losses we experience on our loan portfolio may be an indication of future realized losses, which could reduce our income available for distribution.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at the fair value as determined in good faith by our Board of Directors. Decreases in the market values or fair values of our investments will be recorded as unrealized depreciation. Any unrealized losses in our loan portfolio could be an indication of a portfolio company's inability to meet its repayment obligations to us with respect to the affected loans. This could result in realized losses in the future and ultimately in reductions of our income available for distribution in future periods.

Defaults by our portfolio companies may harm our operating results.

A portfolio company's failure to satisfy financial or operating covenants imposed by us or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Prepayments of our debt investments by our portfolio companies could adversely impact our results of operations and reduce our return on equity.

We are subject to the risk that the investments we make in our portfolio companies may be repaid prior to maturity. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if one or more of our portfolio companies elect to prepay amounts owed to us. Additionally, prepayments could negatively impact our return on equity, which could result in a decline in the market price of our securities.

Changes in interest rates may affect our cost of capital, the value of our investments and results of operations.

A significant portion of our debt investments bear interest at fixed rates and the value of these investments could be negatively affected by increases in market interest rates. In addition, an increase in interest rates would make it more expensive to use debt to finance our investments. As a result, a significant increase in market interest rates could both reduce the value of our portfolio investments and increase our cost of capital, which would reduce our net investment income. Also, an increase in interest rates available to investors could make an investment in our common stock less attractive if we are not able to increase our distribution rate, a situation which could reduce the value of our common stock. Conversely, a decrease in interest rates may have an adverse impact on our returns by requiring us to seek lower yields on our debt investments and by increasing the risk that our portfolio companies will prepay our debt investments, resulting in the need to redeploy capital at potentially lower rates.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. Investments in equity securities involve a number of significant risks, including the risk of further dilution as a result of additional issuances, inability to access additional capital and failure to pay current distributions. Investments in preferred securities involve special risks, such as the risk of deferred distributions, credit risk, illiquidity and limited voting rights. In addition, we may from time to time make non-control, equity co-investments in companies in conjunction with private equity sponsors. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization or public offering, which would allow us to sell the underlying equity interests. We often seek puts or similar rights to give us the right to sell our equity securities back to the portfolio company issuer. We may be unable to exercise these puts rights for the consideration provided in our investment documents if the issuer is in financial distress.

We are dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect our liquidity, financial condition or results of operations.

Our business is dependent on our and third parties' communications and information systems. Any failure or interruption of those systems, including as a result of the termination of an agreement with any third-party service providers, could cause delays or other problems in our activities. Our financial, accounting, data processing, backup or other operating systems and facilities may fail to operate properly or become disabled or damaged as a result of a number of factors including events that are wholly or partially beyond our control and adversely affect our business. There could be:

- sudden electrical or telecommunications outages;
- natural disasters such as earthquakes, tornadoes and hurricanes;
- disease pandemics;
- events arising from local or larger scale political or social matters, including terrorist acts; and
- cyber attacks.

These events, in turn, could have a material adverse effect on our operating results and negatively affect the market price of our common stock and our ability to pay dividends to our stockholders.

Risks Relating to Our Securities

Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value, and may trade a premiums that may prove to be unsustainable.

Shares of closed-end investment companies, including BDCs, frequently trade at a discount from net asset value, and may trade at premiums that may prove to be unsustainable. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade at, above or below net asset value. The risk of purchasing shares of a BDC that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon changes in premium or discount levels than upon increases or decreases in net asset value per share. As of December 29, 2017, the closing price of our common stock on the NYSE was $9.49 per share, an approximately 29.3% discount to our net asset value per share as of December 31, 2017.

In addition, if our common stock trades below net asset value, we will generally not be able to issue additional common stock at the market price without first obtaining the approval of our stockholders and our independent directors. On May 3, 2017, our stockholders voted to allow us to sell or otherwise issue common stock at a price below net asset value per share for a period of one year ending on the earlier of May 3, 2018 or the date of our 2018 annual meeting of stockholders. The proposal did not specify a maximum discount below net asset value at which we are able to sell or otherwise issue our common stock; however, we do not intend to sell or otherwise issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so.

Investing in our securities may involve an above average degree of risk.

The investments we make in accordance with our investment objective may result in a higher amount of risk than alternative investment options and a higher risk of volatility or loss of principal. Our investments in portfolio companies may be highly speculative, and therefore, an investment in our shares may not be suitable for someone with lower risk tolerance.

The market price of our securities may be volatile and fluctuate significantly.

Fluctuations in the trading prices of our shares may adversely affect the liquidity of the trading market for our shares and, if we seek to raise capital through future equity financings, our ability to raise such equity capital. The market price and liquidity of the market for our securities may be significantly affected by numerous factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include:

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;
- changes in regulatory policies or tax guidelines, particularly with respect to RICs, BDCs or SBICs;
- inability to obtain certain exemptive relief from the SEC;
- loss of RIC tax treatment or either of our SBIC subsidiaries' status as an SBIC;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- conversion features of subscription rights, warrants or convertible debt;
- loss of a major funding source;
- fluctuations in interest rates;
- the operating performance of companies comparable to us;
- departure of our key personnel;
- proposed, or completed, offerings of our securities, including classes other than our common stock;
- global or national credit market changes; and
- general economic trends and other external factors.

The market for any security is subject to volatility. The loans and securities purchased by us and issued by us are no exception to this fundamental investment truism that prices will fluctuate.

We may be unable to invest a significant portion of the net proceeds raised from our offerings on acceptable terms, which would harm our financial condition and operating results.

Delays in investing the net proceeds raised in our offerings may cause our performance to be worse than that of other fully invested BDCs or other lenders or investors pursuing comparable investment strategies. We cannot assure you that we will be able to identify any investments that meet our investment objective or that any investment that we make will produce a positive return. We may be unable to invest the net proceeds from any offering on acceptable terms within the time period that we anticipate or at all, which could harm our financial condition and operating results.

We anticipate that, depending on market conditions, it may take a substantial period of time to invest substantially all of the net proceeds from any offering in securities meeting our investment objective. During such a period, we have and will continue to invest the net proceeds from any offering primarily in cash, cash equivalents, U.S. government securities, repurchase agreements and high-quality debt instruments maturing in one year or less from the time of investment, which may produce returns that are significantly lower than the returns which we expect to achieve when our portfolio is fully invested in securities meeting our investment objective, and given our expense ratio and the prevailing interest rate climate, there is a possible risk of losing money on the offering proceeds from certain securities, such as debt securities during this interval. As a result, any dividends or distributions that we pay during such period may be substantially lower than the dividends or distributions that we may be able to pay when our portfolio is fully invested in securities meeting our investment objective. In addition, until such time as the net proceeds from any offering are invested in securities meeting our investment objective, the market price for our securities may decline. Thus, the return on your investment may be lower than when, if ever, our portfolio is fully invested in securities meeting our investment objective.

In addition, the SBA limits our SBIC subsidiaries, Triangle SBIC, Triangle SBIC II and Triangle SBIC III, to investing idle funds in the following types of securities:

- direct obligations of, or obligations guaranteed as to principal and interest by, the United States government, which mature within 15 months from the date of the investment;
- repurchase agreements with federally insured institutions with a maturity of seven days or less (and the securities underlying the repurchase obligations must be direct obligations of, or guaranteed by, the federal government);
- certificates of deposit with a maturity of one year or less, issued by a federally insured institution;
- a deposit account in a federally insured institution that is subject to withdrawal restriction of one year or less;
- a checking account in a federally insured institution; and
- a reasonable petty cash fund.

If we sell common stock at a discount to our net asset value per share, stockholders who do not participate in such sale will experience immediate dilution in an amount that may be material.

On May 3, 2017, our stockholders approved our ability to sell or otherwise issue shares of our common stock at any level of discount from net asset value per share for a period of one year ending on the earlier of May 3, 2018 or the date of our 2018 annual meeting of stockholders. If we sell or otherwise issue shares of our common stock at a discount to net asset value, it will pose a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares at or below the discounted price in proportion to their current ownership will experience an immediate decrease in net asset value per share (as well as in the aggregate net asset value of their shares if they do not participate at all). These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we experience in our assets, potential earning power and voting interests from such issuances or sale. In addition, such issuances or sales may adversely affect the price at which our common stock trades.

Provisions of the Maryland General Corporation Law and our charter and bylaws could deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our Company or the removal of our incumbent directors. Specifically, our Board of Directors has adopted a resolution explicitly subjecting us to the Maryland Business Combination Act under the Maryland General Corporation Law, which, subject to limitations, prohibits certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock) or an affiliate thereof for five years after the most recent date on which the stockholder becomes an interested stockholder and thereafter imposes fair price and/or supermajority voting requirements on these combinations. In addition, our Board of Directors may adopt resolutions to classify the Board so that stockholders do not elect every director on an annual basis. Also, our charter provides that a director may be removed only for cause by the vote of at least two-thirds of the votes entitled to be cast for the election of directors generally. In addition, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by our secretary to act upon any matter that may properly be considered at a meeting of stockholders only upon the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast on such matter at the meeting.

In addition, subject to the provisions of the 1940 Act, our charter permits our Board of Directors, without stockholder action, to authorize the issuance of shares of stock in one or more classes or series, including preferred stock. Subject to compliance with the 1940 Act, our Board of Directors may, without stockholder action, amend our charter from time to time to increase or decrease the number of shares of stock of any class or series that we have authority to issue. The existence of these provisions, among others, may have a negative impact on the price of our common stock and may discourage third-party bids for ownership of our company. These provisions may prevent any premiums being offered to you for shares of our common stock.

If we issue preferred stock and/or additional debt securities, the net asset value and market value of our common stock may become more volatile.

We cannot assure you that the issuance of preferred stock and/or additional debt securities would result in a higher yield or return to the holders of our common stock. The issuance of preferred stock and/or additional debt securities would likely cause the net asset value and market value of our common stock to become more volatile. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to approach the net rate of return on our investment portfolio, the benefit of leverage to the holders of our common stock would be reduced. If the dividend rate on the preferred stock, or the interest rate on the debt securities, were to exceed the net rate of return on our portfolio, the use of leverage would result in a lower rate of return to the holders of common stock than if we had not issued the preferred stock or debt securities. Any decline in the net asset value of our investment would be borne entirely by the holders of our common stock. Therefore, if the market value of our portfolio were to decline, the leverage would result in a greater decrease in net asset value to the holders of our common stock than if we were not leveraged through the issuance of preferred stock. This decline in net asset value would also tend to cause a greater decline in the market price for our common stock.

There is also a risk that, in the event of a sharp decline in the value of our net assets, we would be in danger of failing to maintain required asset coverage ratios which may be required by the preferred stock and/or debt securities or of a downgrade in the ratings of the preferred stock and/or debt securities or our current investment income might not be sufficient to meet the dividend requirements on the preferred stock or the interest payments on the debt securities. In order to counteract such an event, we might need to liquidate investments in order to fund redemption of some or all of the preferred stock and/or debt securities. In addition, we would pay (and the holders of our common stock would bear) all costs and expenses relating to the issuance and ongoing maintenance of the preferred stock and/or debt securities. Holders of preferred stock and/or debt securities may have different interests than holders of common stock and may at times have disproportionate influence over our affairs.

The trading market or market value of our publicly issued debt securities may be volatile.

Many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt securities. These factors include, but are not limited to, the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the general economic environment;
- the supply of debt securities trading in the secondary market, if any;
- the redemption or repayment, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

There also may be a limited number of buyers for our debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

Our credit ratings, if any, may not reflect all risks of an investment in our debt securities.

Credit ratings are an assessment by third parties of our ability to pay our obligations. If our debt securities become rated, real or anticipated changes in our credit ratings will generally affect the market value of our debt securities. These credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed herein about the market value of, or trading market for, the publicly issued debt securities.

Terms relating to redemption may materially adversely affect the return on our debt securities.

If our debt securities are redeemable at our option, we may choose to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In addition, if the debt securities are subject to mandatory redemption, we may be required to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In this circumstance, a holder of our debt securities may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed. As of December 31, 2017, our December 2022 Notes were redeemable at our option. In addition, our March 2022 Notes will become redeemable, at our option, on March 15, 2018.

There is a risk that investors in our common stock may not receive a specified level of dividends or that our dividends may not grow over time and that investors in our debt securities may not receive all of the interest income to which they are entitled.

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. We cannot assure you that we will achieve investment results that will allow us to make a specified level of cash distributions or year-to-year increases in cash distributions. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments.

In addition, due to the asset coverage test applicable to us as a BDC and under our notes indenture and covenants under our Credit Facility, we may be limited in our ability to make distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution. See “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Distribution Policy” for further discussion of distributions.

The above-referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

Our stockholders may experience dilution in their ownership percentage if they opt out of our dividend reinvestment plan.

All dividends declared in cash payable to stockholders that are participants in our dividend reinvestment plan are automatically reinvested in shares of our common stock. As a result, our stockholders that opt out of our dividend reinvestment plan may experience dilution in their ownership percentage of our common stock over time.

Future offerings of additional debt securities, which would be senior to our common stock upon liquidation, or equity securities, which could dilute our existing stockholders and may be senior to our common stock for the purposes of distributions, may harm the value of our common stock.

In the future, we may attempt to increase our capital resources by making additional offerings of debt or equity securities, including commercial paper, medium-term notes, senior or subordinated notes and classes of preferred stock or common stock subject to the restrictions of the 1940 Act. Upon a liquidation of our company, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common stock. Additional equity offerings by us may dilute the holdings of our existing stockholders or reduce the value of our common stock, or both. Any preferred stock we may issue would have a preference on distributions that could limit our ability to make distributions to the holders of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock and diluting their stock holdings in us. In addition, proceeds from a sale of common stock will likely be used to increase our total assets or to pay down our borrowings, among other uses. This would increase our asset coverage ratio and permit us to incur additional leverage under rules pertaining to BDCs by increasing our borrowings or issuing senior securities such as preferred stock or additional debt securities.

Terrorist attacks, acts of war or national disasters may affect any market for our securities, impact the businesses in which we invest and harm our business, operating results and financial condition.

Terrorist acts, acts of war or national disasters may disrupt our operations, as well as the operations of the businesses in which we invest. Such acts have created, and continue to create, economic and political uncertainties and have contributed to global economic instability. Future terrorist activities, military or security operations, or natural disasters could further weaken the domestic/global economies and create additional uncertainties, which may negatively impact the businesses in which we invest directly or indirectly and, in turn, could have a material adverse impact on our business, operating results and financial condition. Losses from terrorist attacks and natural disasters are generally uninsurable.

Item 1B. ***Unresolved Staff Comments.***

Not applicable.

Item 2. ***Properties.***

We do not own any real estate or other physical properties materially important to our operation or any of our subsidiaries. Currently, we lease approximately 14,328 square feet of office space located at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612. We believe that our current facilities are adequate to meet our needs.

Item 3. Legal Proceedings.

We and certain of our current and former executive officers have been named as defendants in two putative securities class action lawsuits, each filed in the United States District Court for the Southern District of New York (and then transferred to the United States District Court for the Eastern District of North Carolina) on behalf of all persons who purchased or otherwise acquired our common stock between May 7, 2014 and November 1, 2017. The first lawsuit was filed on November 21, 2017, and is currently captioned *Elias Dagher, et al., v. Triangle Capital Corporation, et al.,* Case No. 5:18-cv-00015-FL (the "Dagher Action"). The second lawsuit was filed on November 28, 2017, and is currently captioned *Gary W. Holden, et al., v. Triangle Capital Corporation, et al.,* Case No. 5:18-cv-00010-FL (the "Holden Action").

The complaints in the *Dagher* Action and the *Holden* Action allege certain violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements and omissions regarding the Company's business, operations and prospects between May 7, 2014 and November 1, 2017. The plaintiffs seek compensatory damages and attorneys' fees and costs, among other relief, but did not specify the amount of damages being sought.

On January 22, 2018, five applications for appointment as lead plaintiff and motions to consolidate the *Dagher* Action and the *Holden* Action were filed. The applications for appointment as lead plaintiff and motions to consolidate are currently pending before the Court.

We intend to defend ourselves vigorously against the allegations in the aforementioned actions. Neither the outcome of the lawsuits nor an estimate of any reasonably possible losses is determinable at this time. An adverse judgment for monetary damages could have a material adverse effect on our operations and liquidity. Except as discussed above, neither we nor our subsidiaries are currently subject to any material pending legal proceedings, other than ordinary routine litigation incidental to our business.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Common Stock and Holders

Our common stock is traded on the New York Stock Exchange, or NYSE, under the ticker symbol "TCAP." The following table sets forth the range of high and low intraday sales prices per share of our common stock as reported on the NYSE for the periods indicated:

	High	Low
Fiscal Year 2016:		
First Quarter	$20.85	$14.91
Second Quarter	$21.35	$16.00
Third Quarter	$20.60	$18.56
Fourth Quarter	$19.95	$16.40
Fiscal Year 2017:		
First Quarter	$20.35	$18.12
Second Quarter	$19.15	$17.28
Third Quarter	$17.83	$12.84
Fourth Quarter	$14.35	$8.91

As of February 28, 2018, there were approximately 52 holders of record of our common stock. This number does not include stockholders for whom shares are held in "nominee" or "street name."

Distributions Declared

We intend to make distributions on a quarterly basis to our stockholders of substantially all of our income. We may make deemed distributions of certain net capital gains to our stockholders.

The following table summarizes our distributions declared during the years ended December 31, 2016 and 2017:

Date Declared	Record Date	Payment Date	Amount
February 24, 2016	March 9, 2016	March 23, 2016	$0.54
May 4, 2016	June 8, 2016	June 22, 2016	$0.45
August 24, 2016	September 7, 2016	September 21, 2016	$0.45
November 23, 2016	December 7, 2016	December 21, 2016	$0.45
February 22, 2017	March 8, 2017	March 22, 2017	$0.45
May 3, 2017	June 7, 2017	June 21, 2017	$0.45
August 2, 2017	September 6, 2017	September 20, 2017	$0.45
November 1, 2017	December 6, 2017	December 20, 2017	$0.30

Each year, a statement on IRS Form 1099-DIV identifying the source(s) of the distribution (i.e., paid from ordinary income, paid from net capital gains on the sale of securities, and/or a return of paid in capital surplus which is a nontaxable distribution) is mailed to our stockholders. To the extent that our distributions for a fiscal year exceed current and accumulated earnings and profits, a portion of those distributions may be deemed a return of capital to our stockholders for U.S. federal income tax purposes. Thus, the source of a distribution to our stockholders may be the original capital invested by the stockholder rather than our taxable ordinary income or capital gains. Stockholders should read any written disclosure accompanying a dividend payment carefully and should not assume that any distribution is taxable as ordinary income or capital gains.

The table below shows the detail of our distributions for the years ended December 31, 2017 and 2016:

	Year Ended December 31,			
	2017		2016	
	Amount	% of Total	Amount	% of Total
Ordinary income	$ 1.65	100.0%	$ 1.89	100.0%
Long-term capital gains	—	—	—	—
Total reported on IRS Form 1099-DIV	**$ 1.65**	**100.0%**	**$ 1.89**	**100.0%**

Ordinary income is reported on IRS Form 1099-DIV as either qualified or non-qualified and capital gain distributions are reported on IRS Form 1099-DIV in various subcategories which have differing tax treatments to stockholders. Those subcategories are not presented herein.

Distribution Policy

We generally intend to make distributions on a quarterly basis to our stockholders of substantially all of our income. In order to avoid certain excise taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of (i) 98.0% of our ordinary income for the calendar year, (ii) 98.2% of our capital gains in excess of capital losses for the calendar year, and (iii) any ordinary income and net capital gains for the preceding year that were not distributed during such year. We will not be subject to excise taxes on amounts on which we are required to pay corporate income tax (such as retained net capital gains). In order to obtain the tax benefits applicable to RICs, we will be required to distribute to our stockholders with respect to each taxable year at least 90.0% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses. We may retain for investment realized net long-term capital gains in excess of realized net short-term capital losses. We may make deemed distributions to our stockholders of any retained net capital gains. If this happens, our stockholders will be treated as if they received an actual distribution of the capital gains we retain and then reinvested the net after-tax proceeds in our common stock. Our stockholders also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable share of the tax we paid on the capital gains deemed distributed to them. Please refer to "Business — Material U.S. Federal Income Tax Considerations" included in Item 1 of Part I of this Annual Report for further information regarding the consequences of our retention of net capital gains. We may, in the future, make actual distributions to our stockholders of some or all realized net long-term capital gains in excess of realized net short-term capital losses. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratio and related requirements stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See "Business — Regulation of Business Development Companies" included in Item 1 of Part I of this Annual Report.

We have adopted a dividend reinvestment plan, or DRIP, that provides for reinvestment of our distributions on behalf of our common stockholders, unless a common stockholder elects to receive cash as provided in "Business — Dividend Reinvestment Plan" included in Item I of Part I of this Annual Report on Form 10-K.

Stockholders who receive dividends in the form of stock generally are subject to the same federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received in a dividend will have a holding period for tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

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. For a more detailed discussion, see "Business — Regulation of Business Development Companies" included in Item 1 of Part I of this Annual Report.

Securities Authorized for Issuance Under our Omnibus Incentive Plan

The following table provides information regarding the number of shares of restricted stock authorized and available under the Triangle Capital Corporation Omnibus Incentive Plan, or the Omnibus Plan, as of December 31, 2017:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders(1)	—	—	2,269,467 (2)
Equity compensation plans not approved by security holders	—	—	—
Total	—	—	2,269,467

(1) The Omnibus Plan is the only equity compensation plan currently utilized by us.
(2) The Omnibus Plan has an aggregate of 4,000,000 shares of common stock reserved for issuance.

Sales of Unregistered Securities

While we did not engage in any sales of unregistered securities during the year ended December 31, 2017, we issued a total of 91,366 shares of our common stock under our DRIP. This issuance was not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued under our DRIP during the year ended December 31, 2017 was approximately $1.6 million.

Issuer Purchases of Equity Securities

During the three months ended December 31, 2017, in connection with our DRIP for our common stockholders, we directed the plan administrator to purchase 69,882 shares of our common stock for $679,253.04 in the open market in order to satisfy our obligations to deliver shares of common stock to our stockholders with respect to our dividend declared on November 1, 2017. The following chart summarizes repurchases of our common stock for the three months ended December 31, 2017:

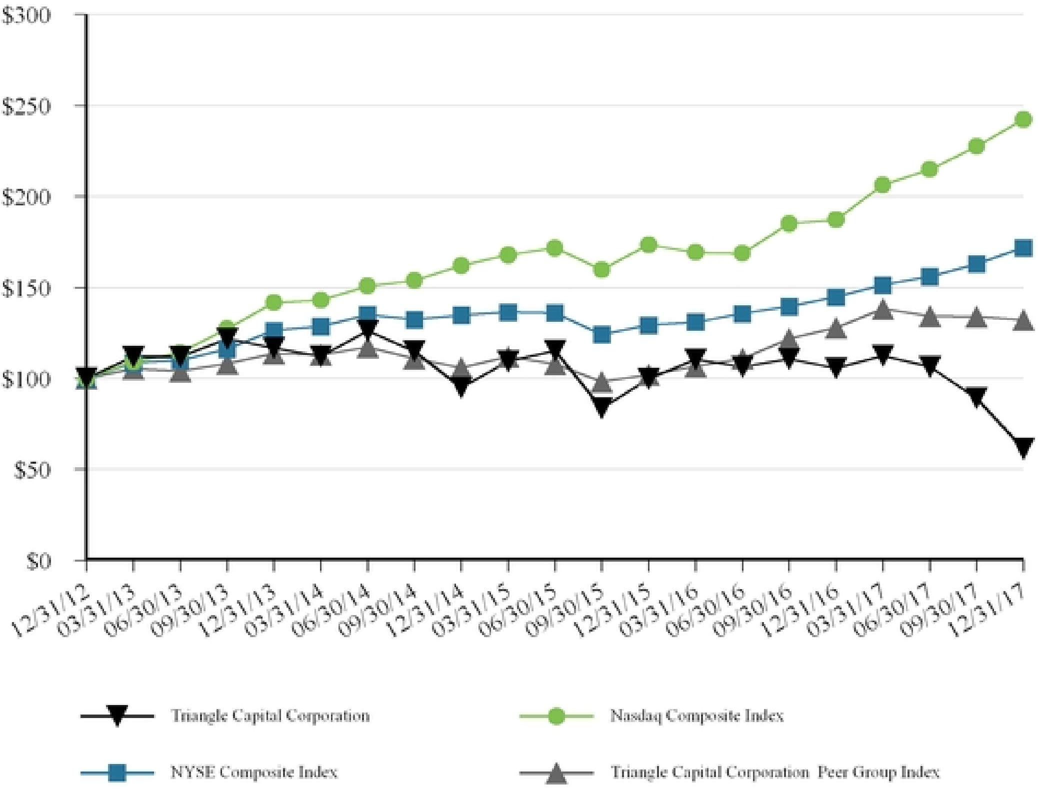
Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
October 1 through October 31, 2017	—	—	—	—
November 1 through November 30, 2017	—	—	—	—
December 1 through December 31, 2017	69,882 (1)	$ 9.72	—	—

(1) These shares were purchased in the open market pursuant to the terms of our DRIP.

Performance Graph

The following graph compares the cumulative total return on our common stock with the cumulative total return of the Triangle Capital Corporation Peer Group Index, the Nasdaq Composite Index and the NYSE Composite Index for the five years ended December 31, 2017. This comparison assumes $100.00 was invested in our common stock at the closing price of our common stock on December 31, 2012 and in the comparison groups and assumes the reinvestment of all cash dividends on the ex-dividend date prior to any tax effect. The stock price performance shown on the graph below is not necessarily indicative of future price performance.

**Comparison of Annual Cumulative Total Return(1)
among Triangle Capital Corporation, the Triangle Capital Corporation
Peer Group Index, the Nasdaq Composite Index and the NYSE Composite Index**



	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14
Triangle Capital Corporation	100.00	111.83	111.99	121.76	116.79	112.15	126.13	115.02	94.92
NASDAQ Composite Index	100.00	109.07	114.09	127.38	141.63	143.01	150.74	153.77	162.09
NYSE Composite Index	100.00	108.55	109.99	116.19	126.28	128.60	135.01	132.36	134.81
Triangle Capital Corporation Peer Group Index(2)	100.00	105.20	103.93	108.16	113.67	113.01	117.35	110.81	105.74

	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16
Triangle Capital Corporation	109.33	115.15	83.52	99.64	110.33	106.41	110.61	105.48
NASDAQ Composite Index	167.90	171.68	159.69	173.33	169.25	168.76	185.06	187.19
NYSE Composite Index	136.35	136.08	124.19	129.29	131.01	135.62	139.52	144.73
Triangle Capital Corporation Peer Group Index(2)	111.95	107.79	98.12	102.09	106.70	110.93	121.82	127.89

	3/31/17	6/30/17	9/30/17	12/31/17
Triangle Capital Corporation	112.42	106.41	89.13	61.13
NASDAQ Composite Index	206.25	214.78	227.44	242.29
NYSE Composite Index	151.36	155.99	162.88	171.83
Triangle Capital Corporation Peer Group Index(2)	138.33	134.23	133.96	132.22

(1) From December 31, 2012 to December 31, 2017.

(2) The Triangle Capital Corporation Peer Group consists of the following companies: Apollo Investment Corporation, Ares Capital Corporation, BlackRock Capital Investment Corporation, Fidus Investment Corporation, Gladstone Investment Corporation, Gladstone Capital Corporation, Golub Capital BDC, Inc., Horizon Technology Finance Corporation, Hercules Capital, Inc., KCAP Financial, Inc., Main Street Capital Corporation, Medley Capital Corporation, New Mountain Finance Corporation, Oaktree Specialty Lending Corporation, PennantPark Investment Corporation, Prospect Capital Corporation, Solar Capital Ltd. and THL Credit, Inc.

Item 6. *Selected Financial Data.*

The selected financial data at and for the fiscal years ended December 31, 2013, 2014, 2015, 2016 and 2017 have been derived from our financial statements that have been audited by Ernst & Young LLP, an independent registered public accounting firm. You should read this selected financial and other data in conjunction with our “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the financial statements and notes thereto.

	Year Ended December 31,				
	2013	2014	2015	2016	2017
	(Dollars and share amounts in thousands, except per share data)				
Income statement data:					
Investment income:					
Total loan interest, fee and dividend income	$ 100,755	$ 104,273	$ 121,062	$ 113,332	$ 122,290
Interest income from cash and cash equivalent investments	273	238	225	348	715
Total investment income	101,028	104,511	121,287	113,680	123,005
Operating expenses:					
Interest and other debt financing fees	20,234	21,180	26,754	26,721	29,261
Compensation expenses	15,831	17,562	19,009	23,676	16,136
General and administrative expenses	3,434	3,753	3,895	4,406	5,370
Total operating expenses	39,499	42,495	49,658	54,803	50,767
Net investment income	61,529	62,016	71,629	58,877	72,238
Net realized gains (losses):					
Non-Control/Non-Affiliate investments	15,882	7,396	9,003	(2,414)	(3,683)
Affiliate investments	4,828	7,733	2,315	4,399	(3,980)
Control investments	(2,290)	(1,498)	(38,807)	—	(45,206)
Net realized gains (losses) on investments	18,420	13,631	(27,489)	1,985	(52,869)
Foreign currency borrowings	—	—	—	—	1,269
Net realized gains (losses)	18,420	13,631	(27,489)	1,985	(51,600)
Net unrealized appreciation (depreciation):					
Non-Control/Non-Affiliate investments	390	(38,467)	(23,583)	(9,080)	(65,786)
Affiliate investments	(1,427)	(3,213)	2,839	(5,473)	(7,356)
Control investments	2,848	(3,554)	23,876	(11,464)	27,547
Net unrealized appreciation (depreciation) on investments	1,811	(45,234)	3,132	(26,017)	(45,595)
Foreign currency borrowings	404	1,071	2,363	(153)	(2,822)
Net unrealized appreciation (depreciation)	2,215	(44,163)	5,495	(26,170)	(48,417)
Net realized and unrealized gains (losses) on investments and foreign currency borrowings	20,635	(30,532)	(21,994)	(24,185)	(100,017)
Loss on extinguishment of debt	(413)	—	(1,394)	—	—
Provision for taxes	(539)	(3,122)	(384)	(436)	(871)
Net increase in net assets resulting from operations	$ 81,212	$ 28,362	$ 47,857	$ 34,256	$ (28,650)
Net investment income per share — basic and diluted	$ 2.23	$ 2.08	$ 2.16	$ 1.62	$ 1.55
Net increase in net assets resulting from operations per share — basic and diluted	$ 2.94	$ 0.95	$ 1.44	$ 0.94	$ (0.62)
Net asset value per common share	$ 16.10	$ 16.11	$ 15.23	$ 15.13	$ 13.43
Regular quarterly dividends/distributions per share	$ 2.16	$ 2.16	$ 2.16	$ 1.89	$ 1.65
Supplemental dividends/distributions per share	—	0.40	0.20	—	—
Total dividends/distributions declared per common share	$ 2.16	$2.56	$2.36	$1.89	$1.65
Weighted average number of shares outstanding — basic and diluted	27,576	29,775	33,234	36,405	46,498

	Year Ended December 31,				
	2013	2014	2015	2016	2017
	(Dollars in thousands)				
Balance sheet data:					
Assets:					
Investments at fair value	$ 664,373	$ 887,223	$ 977,277	$ 1,037,907	$ 1,016,284
Cash and cash equivalents	133,304	78,759	52,615	107,088	191,850
Interest and fees receivable	5,256	7,409	4,892	10,190	7,807
Prepaid expenses and other current assets	832	439	947	1,660	1,855
Deferred financing fees	1,654	1,231	3,480	2,700	5,186
Property and equipment, net	60	109	106	106	81
Total assets	$ 805,479	$ 975,170	$ 1,039,317	$ 1,159,651	$ 1,223,063
Liabilities:					
Accounts payable and accrued liabilities	$ 7,494	$ 7,145	$ 7,464	$ 6,797	$ 9,863
Interest payable	3,018	3,365	3,714	3,997	3,997
Taxes payable	1,065	2,506	735	490	796
Deferred income taxes	3,514	3,364	4,988	2,054	1,332
Borrowings under credit facility	11,221	62,620	131,257	127,012	156,071
Notes	145,120	145,646	162,142	162,755	163,408
SBA-guaranteed debentures payable	188,255	219,697	220,649	245,390	246,321
Total liabilities	359,687	444,343	530,949	548,495	581,788
Net assets	445,792	530,827	508,368	611,156	641,275
Total liabilities and net assets	$ 805,479	$ 975,170	$ 1,039,317	$ 1,159,651	$ 1,223,063
Other data:					
Weighted average yield on total investments(1)	12.8%	11.6%	10.6%	10.2%	9.6%
Number of portfolio companies	79	91	92	88	89
Expense ratios (as percentage of average net assets):					
Compensation and general and administrative expenses	4.4%	4.4%	4.4%	5.0%	3.2%
Interest and other financing fees	4.7	4.4	5.1	4.8	4.4
Total expenses	9.1%	8.8%	9.5%	9.8%	7.6%
Total expenses, including loss on extinguishment of debt and provision for taxes	9.3%	9.5%	9.8%	9.9%	7.7%

(1) Excludes non-accrual debt investments.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The information in this section contains forward-looking statements that involve risks and uncertainties. Please see "Risk Factors" and "Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the combined financial statements and related notes and other financial information appearing elsewhere in this Annual Report.

The following discussion is designed to provide a better understanding of our financial statements, including a brief discussion of our business, key factors that impacted our performance and a summary of our operating results. The following discussion should be read in conjunction with the Financial Statements and the notes thereto included in Item 8 of this Annual Report on Form 10-K. 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.

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 1940 Act. Our wholly-owned subsidiaries, Triangle Mezzanine Fund LLLP, or Triangle SBIC, Triangle Mezzanine Fund II LP, or Triangle SBIC II and Triangle Mezzanine Fund III LP, or Triangle SBIC III, 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, Triangle SBIC II and Triangle SBIC III 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 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 $300.0 million and annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between $5.0 million and $75.0 million.

We invest primarily in senior and subordinated debt securities of privately held companies, generally secured by security interests in portfolio company assets. In addition, we generally invest in one or more equity instruments of the borrower, such as direct preferred or common equity interests. Our investments generally range from $5.0 million to $50.0 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. In addition, our fixed debt investments typically bear interest between 10.0% and 15.0% per annum and our variable debt investments generally bear interest between LIBOR plus 550 basis points and LIBOR plus 950 basis points 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 quarterly; however, some of our debt investments pay cash interest on a monthly basis.

As of December 31, 2017 and December 31, 2016, the weighted average yield on our outstanding debt investments other than non-accrual debt investments was approximately 11.0% and 11.7%, 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 9.6% and 10.2% as of December 31, 2017 and December 31, 2016, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 8.5% and 9.7% as of

December 31, 2017 and December 31, 2016, respectively. The weighted average yields across our investment portfolio depend on the relative seniority of our investments within the capital structures of our portfolio companies and on our security interests in portfolio company assets. Historically, since our IPO in 2007, we have primarily focused on investments in subordinated debt securities, which generally produce higher yields than more senior securities due to the risks inherent in investing in less senior positions. Beginning in 2016, we began to shift our focus toward larger and less cyclical portfolio companies and began steering our portfolio composition with a focus on a balance between senior and subordinated securities. This shift toward more senior securities is intended to reduce our credit risks in exchange for lower-yielding investments, which in turn has resulted in a decrease in the weighted average yield on our investment portfolio. As we continue this balanced strategy, and as the percentage of our investment portfolio that is comprised of senior debt investments increases, we expect our investment-related risks to be mitigated to an extent, but we also expect the weighted average yields on our portfolio to continue to decrease.

Triangle SBIC, Triangle SBIC II and Triangle SBIC III 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, Triangle SBIC II and Triangle SBIC III invest these funds in portfolio companies. We intend to continue to operate Triangle SBIC, Triangle SBIC II and Triangle SBIC III 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.

Review of Strategic Alternatives

In November 2017, our Board of Directors announced that it was exploring and evaluating a broad range of strategic alternatives to enhance long-term stockholder value and has engaged an investment banking firm as its financial advisor in connection therewith. The strategic alternatives review process is ongoing, and there can be no assurance that it will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

Portfolio Composition

The total value of our investment portfolio was $1,016.3 million as of December 31, 2017, as compared to $1,037.9 million as of December 31, 2016. As of December 31, 2017, we had investments in 89 portfolio companies with an aggregate cost of $1,121.6 million. As of December 31, 2016, we had investments in 88 portfolio companies with an aggregate cost of $1,096.9 million. As of both December 31, 2017 and 2016, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of December 31, 2017 and December 31, 2016, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
December 31, 2017:				
Subordinated debt and 2nd lien notes	$ 710,543,854	63%	$ 589,548,358	58%
Senior debt and 1st lien notes	275,088,787	25	262,803,297	26
Equity shares	134,301,587	12	162,543,691	16
Equity warrants	1,691,617	—	1,389,000	—
	$ 1,121,625,845	100%	$ 1,016,284,346	100%
December 31, 2016:				
Subordinated debt and 2nd lien notes	$ 753,635,857	69%	$ 690,159,367	67%
Senior debt and 1st lien notes	198,616,110	18	191,643,157	18
Equity shares	140,524,807	13	154,216,657	15
Equity warrants	4,154,717	—	1,888,000	—
	$ 1,096,931,491	100%	$ 1,037,907,181	100%

Investment Activity

During the year ended December 31, 2017, we made twenty-nine new investments, including recapitalizations of existing portfolio companies, totaling $408.9 million, additional debt investments in eighteen existing portfolio companies totaling $70.4 million and additional equity investments in eleven existing portfolio companies totaling $4.4 million. We had twenty-one portfolio company loans repaid at par totaling $332.5 million and received normal principal repayments, partial loan prepayments and PIK interest repayments totaling $54.5 million. We recognized $25.6 million of realized losses related to two portfolio company restructurings. We wrote off equity investments in eight portfolio companies and recognized realized losses on the write-offs of $15.1 million and wrote off or sold debt investments in six portfolio companies and recognized realized losses of $31.6 million. In addition, we received proceeds related to the sales of certain equity securities totaling $29.6 million and recognized net realized gains on such sales totaling $20.9 million in the year ended December 31, 2017.

During the year ended December 31, 2016, we made sixteen new investments, including recapitalizations of existing portfolio companies, totaling $274.1 million, additional debt investments in eleven existing portfolio companies totaling $37.8 million and additional equity investments in ten existing portfolio companies totaling $7.5 million. We had fourteen portfolio company loans repaid at par totaling $170.8 million, which resulted in realized gains totaling $1.4 million, and received normal principal repayments, partial loan prepayments and PIK interest repayments totaling $41.1 million. 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 debt and equity investments in two portfolio companies and recognized realized losses on the write-offs of $18.7 million. In addition, we received proceeds related to the sales of certain equity securities of our portfolio companies totaling $34.4 million and recognized net realized gains on such sales totaling $20.9 million in the year ended December 31, 2016.

Total portfolio investment activity for the years ended December 31, 2017 and 2016 was as follows:

December 31, 2017	Subordinated Debt and 2nd Lien Notes	Senior Debt and 1st Lien Notes	Equity Shares	Equity Warrants	Total
Fair value, beginning of period	$ 690,159,367	$ 191,643,157	$ 154,216,657	$ 1,888,000	$ 1,037,907,181
New investments	262,333,868	205,493,670	15,915,860	—	483,743,398
Investment reclass	33,614,656	(42,014,656)	8,400,000	—	—
Proceeds from sales of investments	—	—	(29,065,946)	(550,863)	(29,616,809)
Loan origination fees received	(4,355,181)	(2,938,834)	—	—	(7,294,015)
Principal repayments received	(302,112,732)	(71,949,131)	—	—	(374,061,863)
PIK interest earned	9,916,389	1,001,142	—	—	10,917,531
PIK interest payments received	(12,431,539)	(507,979)	—	—	(12,939,518)
Accretion of loan discounts	419,114	57,778	—	—	476,892
Accretion of deferred loan origination revenue	4,846,747	1,490,694	—	—	6,337,441
Realized loss	(35,323,325)	(14,160,007)	(1,473,134)	(1,912,237)	(52,868,703)
Unrealized appreciation (depreciation)	(57,519,006)	(5,312,537)	14,550,254	1,964,100	(46,317,189)
Fair value, end of period	$ 589,548,358	$ 262,803,297	$ 162,543,691	$ 1,389,000	$ 1,016,284,346
Weighted average yield on debt investments at end of period(1)					11.0%
Weighted average yield on total investments at end of period(1)					9.6%
Weighted average yield on total investments at end of period					8.5%

(1) Excludes non-accrual debt investments.

December 31, 2016	Subordinated Debt and 2nd Lien Notes	Senior Debt and 1st Lien Notes	Equity Shares	Equity Warrants	Total
Fair value, beginning of period	$ 699,125,083	$ 132,929,264	$141,555,369	$ 3,667,000	$ 977,276,716
New investments	220,825,664	71,620,633	26,370,669	650,000	319,466,966
Investment reclass	4,020,247	(4,020,247)	—	—	—
Proceeds from sales of investments	—	—	(28,340,004)	(5,742,355)	(34,082,359)
Loan origination fees received	(4,613,831)	(1,200,160)	—	—	(5,813,991)
Principal repayments received	(194,883,407)	(7,727,099)	—	—	(202,610,506)
PIK interest earned	13,784,921	1,449,498	—	—	15,234,419
PIK interest payments received	(9,326,564)	(236,150)	—	—	(9,562,714)
Accretion of loan discounts	193,801	203,303	—	—	397,104
Accretion of deferred loan origination revenue	4,012,181	556,218	—	—	4,568,399
Realized gain (loss)	(14,752,679)	(1,560,322)	15,029,594	3,268,455	1,985,048
Unrealized appreciation (depreciation)	(28,226,049)	(371,781)	(398,971)	44,900	(28,951,901)
Fair value, end of period	$ 690,159,367	$ 191,643,157	$154,216,657	$ 1,888,000	$1,037,907,181
Weighted average yield on debt investments at end of period(1)					11.7%
Weighted average yield on total investments at end of period(1)					10.2%
Weighted average yield on total investments at end of period					9.7%

(1) Excludes non-accrual debt investments.

Non-Accrual Assets

Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. As of December 31, 2017, the fair value of our non-accrual assets was $15.8 million, which comprised 1.6% of the total fair value of our portfolio, and the cost of our non-accrual assets was $120.1 million, which comprised 10.7% of the total cost of our portfolio. As of December 31, 2016, the fair value of our non-accrual assets was $15.9 million, which comprised 1.5% of the total fair value of our portfolio, and the cost of our non-accrual assets was $38.4 million, which comprised 3.5% of the total cost of our portfolio.

Our non-accrual assets as of December 31, 2017 were as follows:

Cafe Enterprises, Inc.

During the three months ended June 30, 2017, we placed our subordinated debt investment in Cafe Enterprises, Inc., or Cafe, on PIK non-accrual status. In September 2017, we placed our debt investments in Cafe on non-accrual status effective with the quarterly payments due September 30, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investments in Cafe for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $12.3 million on our debt investments in Cafe. As of December 31, 2017, the cost of our debt investments in Cafe was $15.7 million and the fair value of such investments was zero.

Community Intervention Services, Inc.

In June 2017, we placed our debt investment in Community Intervention Services, Inc., or Community, on non-accrual status effective with the quarterly payment due June 30, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Community for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $14.1 million on our debt investment in Community. As of December 31, 2017, the cost of our debt investment in Community was $17.7 million and the fair value of such investment was zero.

Eckler's Holdings, Inc.

During the three months ended June 30, 2017, we placed our subordinated debt investment in Eckler's Holdings, Inc., or Eckler's, on PIK non-accrual status. In September 2017, we placed our debt investment in Eckler's on non-accrual status effective with the quarterly payment due September 30, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Eckler's for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $11.8 million on our debt investment in Eckler's. As of December 31, 2017, the cost of our debt investment in Eckler's was $13.2 million and the fair value of such investment was zero.

Frank Entertainment Group, LLC

In September 2017, we placed our debt investments in Frank Entertainment Group, LLC, or Frank, on non-accrual status effective with the monthly payments due July 31, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investments in Frank for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $7.1 million on our debt investments in Frank. As of December 31, 2017, the cost of our debt investments in Frank was $13.6 million and the fair value of such investments was $6.5 million.

FrontStream Holdings, LLC

In September 2017, we placed our debt investment in FrontStream Holdings, LLC, or Frontstream, on non-accrual status effective with the quarterly payment due September 30, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Frontstream for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $6.0 million on our debt investment in Frontstream. As of December 31, 2017, the cost of our debt investment in Frontstream was $14.0 million and the fair value of such investment was $7.4 million.

GST AutoLeather, Inc.

On October 3, 2017, GST AutoLeather, Inc., or GST, filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. As a result, we placed our debt investment in GST on non-accrual status effective with the quarterly payment due September 30, 2017 and under U.S. GAAP, we no longer recognize interest income on our debt investment in GST for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $22.9 million on our debt investment in GST. As of December 31, 2017, the cost of our debt investment in GST was $23.1 million and the fair value of such investment was $0.2 million.

Media Storm, LLC.

In September 2017, we placed our debt investment in Media Storm, LLC, or Media Storm, on non-accrual status effective with the quarterly payment due September 30, 2017. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Media Storm for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $3.4 million on our debt investment in Media Storm. As of December 31, 2017, the cost of our debt investment in Media Storm was $6.5 million and the fair value of such investment was $1.6 million.

Women's Marketing, Inc.

In December 2016, we placed our debt investment in Women's Marketing, Inc., or Women's Marketing, on non-accrual status effective with the monthly payment due November 30, 2016. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Women's Marketing for financial reporting purposes. During the year ended December 31, 2017, we recorded unrealized depreciation of $11.1 million on our debt investment in Women's Marketing. As of December 31, 2017, the cost of our debt investment in Women's Marketing was $16.1 million and the fair value of such investment was zero.

Results of Operations

Comparison of years ended December 31, 2017 and December 31, 2016

Investment Income

For the year ended December 31, 2017, total investment income was $123.0 million, an 8.2% increase from $113.7 million of total investment income for the year ended December 31, 2016. This increase was primarily attributed to an increase in portfolio debt investments from December 31, 2016 to December 31, 2017, a $2.1 million increase in non-recurring fee income and a $0.7 million increase in non-recurring dividend income, partially offset by a decrease in PIK interest income due to a decrease in PIK yielding investments from December 31, 2016 to December 31, 2017 and a $7.6 million decrease in investment income relating to non-accrual assets. Non-recurring fee income was $7.3 million for the year ended December 31, 2017, as compared to $5.2 million for the year ended December 31, 2016, and non-recurring dividend income was $2.7 million for the year ended December 31, 2017, as compared to $2.0 million for the year ended December 31, 2016. Our non-recurring dividend income during the year ended December 31, 2016 consisted of non-recurring dividend income of approximately $3.3 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 year ended December 31, 2017, operating expenses decreased by 7.4% to $50.8 million from $54.8 million for the year ended December 31, 2016. Our operating expenses consist of interest and other financing fees, compensation expenses and general and administrative expenses.

For the year ended December 31, 2017, interest and other financing fees were $29.3 million as compared to $26.7 million for the year ended December 31, 2016. The increase in interest and other financing fees was related primarily to an increase of $2.0 million related to increased borrowings under our Credit Facility and to interest and fee amortization of $0.5 million on incremental borrowings of $25.0 million 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 year ended December 31, 2017, compensation expenses decreased by 31.8% to $16.1 million from $23.7 million for the year ended December 31, 2016. The decrease in compensation expenses in the year ended December 31, 2017 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 and the resignation of Brent P.W. Burgess as the Company's Chief Investment Officer in October 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 for the year ended December 31, 2016 associated with Mr. Tucker's retirement. In connection with Mr. Burgess's resignation, we entered into an agreement with Mr. Burgess, pursuant to which he received 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. We recognized $1.5 million in one-time compensation expenses for the year ended

December 31, 2016 in connection with Mr. Burgess' resignation. In addition, compensation expenses decreased by $0.6 million related to decreased discretionary compensation expenses.

For the year ended December 31, 2017, general and administrative expenses increased by 21.9% to $5.4 million from $4.4 million for the year ended December 31, 2016, primarily related to increased legal and other professional fees incurred in connection with previously disclosed litigation and the strategic alternatives review process discussed above. See Item 3 of Part I of this Annual Report entitled "Legal Proceedings" for additional information.

In addition, our efficiency ratio (defined as compensation and general and administrative expenses as a percentage of total investment income) decreased to 17.5% for the year ended December 31, 2017 from 24.7% for the year ended December 31, 2016.

Net Investment Income

As a result of the $9.3 million increase in total investment income and the $4.0 million decrease in operating expenses, net investment income for the year ended December 31, 2017 was $72.2 million compared to net investment income of $58.9 million during the year ended December 31, 2016.

Net Increase in Net Assets Resulting From Operations

For the year ended December 31, 2017, we recognized net realized losses on investments totaling $51.6 million, which consisted primarily of net losses on the write-offs of three control investments totaling $19.9 million, a net loss on the restructuring of one control investment totaling $25.3 million, net losses on the write-off of two affiliate investments totaling $9.5 million and net losses on the restructurings/write-offs of five non-control/non-affiliate investments totaling $17.7 million, partially offset by net gains on the sales of sixteen non-control/non-affiliate investments totaling $14.0 million, net gains on the sales of six affiliate investments totaling $5.5 million and a gain on foreign currency borrowings of $1.3 million. In addition, for the year ended December 31, 2017, we recorded net unrealized depreciation of investments totaling $48.4 million, consisting of net unrealized depreciation on our current portfolio of $102.8 million and net unrealized appreciation reclassification adjustments of $54.4 million related to the realized gains and losses noted above.

For the year ended December 31, 2016, we recognized net realized gains totaling $2.0 million, which consisted primarily of net gains on the sales/repayments of seventeen non-control/non-affiliate investments totaling $15.3 million and net gains on the sales/write-off of seven affiliate investments totaling $4.4 million, partially off-set by 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. In addition, for the year ended December 31, 2016, we recorded net unrealized depreciation of investments totaling $26.2 million, consisting of net unrealized depreciation on our current portfolio of $26.8 million and net unrealized appreciation reclassification adjustments of $0.6 million related to the realized gains and losses noted above.

As a result of these events, our net decrease in net assets from operations during the year ended December 31, 2017 was $28.7 million as compared to a net increase in net assets resulting from operations of $34.3 million for the year ended December 31, 2016.

Comparison of years ended December 31, 2016 and December 31, 2015

Investment Income

For the year ended December 31, 2016, total investment income was $113.7 million, a 6.3% decrease from $121.3 million of total investment income for the year ended December 31, 2015. This decrease was primarily attributed to a $4.7 million decrease in non-recurring fee income and a $3.0 million decrease in non-recurring dividend income. Non-recurring fee income was $5.2 million for the year ended December 31, 2016, as compared to $9.9 million for the year ended December 31, 2015, and non-recurring dividend income was $2.0 million for the year ended December 31, 2016, as compared to $5.0 million for the year ended December 31, 2015. Our non-recurring dividend income during the year ended December 31, 2016 consisted of non-recurring dividend income of approximately $3.3 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 year ended December 31, 2016, operating expenses increased by 10.4% to $54.8 million from $49.7 million for the year ended December 31, 2015. Our operating expenses consist of interest and other financing fees, compensation expenses and general and administrative expenses.

For the year ended December 31, 2016, interest and other financing fees were $26.7 million as compared to $26.8 million for the year ended December 31, 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 $0.3 million on the $25.0 million of incremental outstanding borrowings under our SBA-guaranteed debentures, an increase in interest and other financing fees of $1.5 million related to increased borrowings under 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 year ended December 31, 2016, compensation expenses increased by 24.5% to $23.7 million from $19.0 million for the year ended December 31, 2015. The increase in compensation expenses in the year ended December 31, 2016 was primarily related to one-time expenses associated with the retirement of our former Chief Executive Officer and the resignation of Brent P.W. Burgess as the Company's Chief Investment Officer in 2016, as noted above. The increases related to Mr. Tucker and Mr. Burgess were partially offset by decreased discretionary compensation expenses.

For the year ended December 31, 2016, general and administrative expenses increased by 13.1% to $4.4 million from $3.9 million for the year ended December 31, 2015.

In addition, our efficiency ratio (defined as compensation and general and administrative expenses as a percentage of total investment income) increased to 24.7% for the year ended December 31, 2016 from 18.9% for the year ended December 31, 2015.

Net Investment Income

As a result of the $7.6 million decrease in total investment income and the $5.1 million increase in operating expenses, net investment income for the year ended December 31, 2016 was $58.9 million compared to net investment income of $71.6 million during the year ended December 31, 2015.

Net Increase in Net Assets Resulting From Operations

For the year ended December 31, 2016, we recognized net realized gains totaling $2.0 million, which consisted primarily of net gains on the sales/repayments of seventeen non-control/non-affiliate investments totaling $15.3 million and net gains on the sales/write-off of seven affiliate investments totaling $4.4 million, partially off-set by 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. In addition, for the year ended December 31, 2016, we recorded net unrealized depreciation of investments totaling $26.2 million, consisting of net unrealized depreciation on our current portfolio of $26.8 million and net unrealized appreciation reclassification adjustments of $0.6 million related to the realized gains and losses noted above.

For the year ended December 31, 2015, we recognized net realized losses totaling $27.5 million, which consisted of losses on the restructuring/write-off of two control investments totaling $38.8 million and a loss on the write-off of one affiliate investment totaling $0.5 million, partially offset by net gains related to the sales/repayments of seven affiliate investments of $2.8 million and net gains on the sales/repayments of fourteen non-control/non-affiliate investments totaling $9.0 million. In addition, for the year ended December 31, 2015, we recorded net unrealized appreciation of investments totaling $5.5 million, consisting of net unrealized depreciation on our current portfolio of $21.6 million and net unrealized appreciation reclassification adjustments of $27.1 million related to the realized gains and losses noted above.

As a result of these events, our net increase in net assets from operations during the year ended December 31, 2016 was $34.3 million as compared to $47.9 million for the year ended December 31, 2015.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents on hand, our available borrowing capacity 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, Triangle SBIC II's assets and Triangle SBIC III's assets pursuant to SBA guidelines, Triangle SBIC, Triangle SBIC II and Triangle SBIC III may be limited by provisions of the Small Business Investment Act of 1958, as amended, 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 for tax treatment as a regulated investment company, or RIC.

Cash Flows

For the year ended December 31, 2017, we experienced a net increase in cash and cash equivalents in the amount of $84.8 million. During that period, our operating activities provided $8.0 million in cash, consisting primarily of repayments received from portfolio companies and proceeds from the sales of investments totaling $403.7 million, which in addition to the cash provided by other operating activities, was partially offset by new portfolio investments of $483.7 million. In addition, financing activities provided cash of $76.8 million, consisting primarily of proceeds from the public stock offering of $132.0 million and net borrowings under the Credit Facility of $27.5 million, partially offset by cash dividends paid in the amount of $77.1 million. At December 31, 2017, we had $191.8 million of cash and cash equivalents on hand.

For the year ended December 31, 2016, we experienced a net increase in cash and cash equivalents in the amount of $54.5 million. During that period, our operating activities used $23.1 million in cash, consisting primarily of new portfolio investments of $319.5 million, partially offset by repayments received from portfolio companies and proceeds from the sales of investments totaling $236.7 million. In addition, financing activities provided cash of $77.7 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 $66.5 million, the repayment of our SBA-guaranteed Low or Moderate Income, or LMI, debenture of $7.8 million and net repayments under the Credit Facility of $4.4 million. At December 31, 2016, we had $107.1 million of cash and cash equivalents on hand.

For the year ended December 31, 2015, we experienced a net decrease in cash and cash equivalents in the amount of $26.1 million. During that period, our operating activities used $31.2 million in cash, consisting primarily of new portfolio investments of $453.9 million, partially offset by repayments received from portfolio companies and proceeds from the sales of investments totaling $343.3 million. In addition, financing activities provided cash of $5.1 million, consisting primarily of net borrowings under our credit facility of $71.0 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 $74.8 million. At December 31, 2015, we had $52.6 million of cash and cash equivalents on hand.

Financing Transactions

Due to Triangle SBIC's, Triangle SBIC II's and Triangle SBIC III's status as licensed SBICs, Triangle SBIC, Triangle SBIC II and Triangle SBIC III 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, with SBA approval, up to three times) the amount of its regulatory capital, as such term is defined in the SBA regulations. 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, subject to SBA approval. 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, Triangle SBIC II and Triangle SBIC III that are superior to the claims of our security holders.

As of December 31, 2017, 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, leaving borrowing capacity of a maximum of \$100.0 million of SBA-guaranteed debentures for Triangle SBIC III. In addition to the one-time 1.0% fee on the total commitment from the SBA, we also pay a one–time fee of 2.425% on the amount of each 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. The weighted average interest rate for all SBA-guaranteed debentures as of December 31, 2017 was 3.90%. As of December 31, 2017, all SBA-guaranteed debentures were pooled.

In May 2015, we entered into the Credit Facility, which was subsequently amended in May 2017. The amendment, among other things, increased commitments from \$300.0 million to \$435.0 million and extended the maturity by two years. The revolving period of the Credit Facility ends April 30, 2021 followed by a one-year amortization period with a final maturity date of April 30, 2022. We have the ability to borrow in both United States dollars as well as foreign currencies under the Credit Facility. 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. The Credit Facility has an accordion feature that allows for an increase in the total borrowing size up to \$550.0 million, subject to certain conditions and the satisfaction of specified financial covenants. Using this accordion feature, in July 2017, we increased our commitments under the Credit Facility from \$435.0 million to \$465.0 million, and in September 2017, we again increased our commitments under the Credit Facility from \$465.0 million to \$480.0 million.

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 December 31, 2017, we had United States dollar borrowings of \$139.3 million outstanding under the Credit Facility with an interest rate of 4.12% and non-United States dollar borrowings denominated in Canadian dollars of \$21.0 million (\$16.8 million in United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 4.16%. 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 Consolidated Statements of Operations. The borrowings denominated in Canadian dollars may be positively or negatively affected by movements in the rate of exchange between the United States dollar and the Canadian dollar. This movement is beyond our control and cannot be predicted.

The Credit Facility contains certain affirmative and negative covenants, including but not limited to (i) maintaining a minimum interest coverage ratio, (ii) maintaining a minimum consolidated tangible net worth, (iii) maintaining a minimum asset coverage ratio and (iv) maintaining our tax treatment 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. In connection with the Credit Facility, we also entered into collateral documents. As of December 31, 2017, we were in compliance with all covenants of the Credit Facility.

In October 2012, we issued $70.0 million of unsecured notes due in December 2022, or the December 2022 Notes, and in November 2012, we issued $10.5 million of the 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. 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.

In February 2015, we issued $86.3 million of 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 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 December 31, 2017 and December 31, 2016, we were in compliance with all covenants of the December 2022 Notes and the March 2022 Notes.

Distributions to Stockholders

We have elected to be treated as a RIC under the Internal Revenue Code of 1986, as amended, or the Code, and intend to make the required distributions to our stockholders as specified therein. In order to maintain our tax treatment 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% U.S. federal 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.

Critical Accounting Policies and Use of Estimates

The preparation of our 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 a valuation policy, as well as 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. Our valuation policy and processes were established by our management with the assistance of certain third-party advisors and were approved by the Board. Under ASC Topic 820, there are three levels of valuation inputs, 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 primarily 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 generally not available. Therefore, we determine the fair value of our investments in good faith primarily using Level 3 inputs. In certain cases, quoted prices or other observable inputs may exist, and if so, we assess the appropriateness of the use of these third-party quotes in determining fair value based on (i) our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer and (ii) the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company.

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. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized as Level 3 investments within the tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

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 referred to as the Valuation Firms, to provide third-party reviews of certain investments, as described further below. Finally, the Board 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%
December 31, 2016	20	33%
March 31, 2017	18	30%
June 30, 2017	20	29%
September 30, 2017	22	25%
December 31, 2017	21	35%

(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 Board 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. In addition, we consider other factors, including but not limited to (i) offers from third parties to purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and (iv) when management believes there are comparable companies that are publicly traded, we perform a review of these publicly traded companies and the market multiple of their equity securities. For certain non-performing assets, we may utilize the liquidation or collateral value of the portfolio company's assets in our estimation of enterprise value.

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

- financial standing of the issuer of the security;
- comparison of the business and financial plan of the issuer with actual results;
- the size of the security held;
- pending reorganization activity affecting the issuer, such as merger or debt restructuring;
- ability of the issuer to obtain needed financing;

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

Fair value measurements using the Enterprise Value Waterfall model can be sensitive to 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 original issue discount 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 tax treatment, 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, structuring fees and loan waiver and amendment fees, and are recorded as investment income when earned.

Fee income for the years ended December 31, 2017, 2016 and 2015 was as follows:

	Years Ended December 31,		
	2017	**2016**	**2015**
Recurring Fee Income:			
Amortization of loan origination fees	$ 2,445,485	$ 2,161,711	$ 2,061,004
Management, valuation and other fees	940,361	1,024,213	895,677
Total Recurring Fee Income	3,385,846	3,185,924	2,956,681
Non-Recurring Fee Income:			
Prepayment fees	2,688,814	1,903,251	4,344,705
Acceleration of unamortized loan origination fees	4,202,078	2,406,688	4,104,485
Advisory and structuring fees	230,000	200,000	578,162
Loan amendment fees	132,278	277,396	469,357
Other fees	9,000	412,606	391,538
Total Non-Recurring Fee Income	7,262,170	5,199,941	9,888,247
Total Fee Income	**$ 10,648,016**	**$ 8,385,865**	**$ 12,844,928**

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 at the time of recognition, is included in our taxable income and therefore affects the amount we are required to distribute to our stockholders to maintain our tax treatment as a RIC for U.S. 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.

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 December 31, 2017, we were not a party to any hedging arrangements.

As of December 31, 2017, 51.9%, or $511.9 million (at cost) of our debt portfolio investments bore interest at fixed rates and 48.1%, or $473.7 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 $9.5 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 December 31, 2017, we had non-United States dollar borrowings denominated in Canadian dollars of $21.0 million ($16.8 million United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 4.16%.

Related Party Transactions

As a BDC, we are obligated under the 1940 Act to make available to certain of our portfolio companies significant managerial assistance. "Making available significant managerial assistance" refers to any arrangement whereby we provide significant guidance and counsel concerning the management, operations, or business objectives and policies of a portfolio company. We are also deemed to be providing managerial assistance to all portfolio companies that we control, either by ourselves or in conjunction with others. The nature and extent of significant managerial assistance provided by us will vary according to the particular needs of each portfolio company. During each of the years ended December 31, 2017, 2016 and 2015, we received management and other fees totaling $0.4 million from SRC Worldwide, Inc., a subsidiary of CRS-SPV, Inc., a 100%-owned control investment. These fees were recognized as fee income on the Consolidated Statements of Operations. In addition, during the year ended December 31, 2016, we recognized $0.3 million as dividend income from SRC Worldwide, Inc.

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 balance of unused commitments to extend financing as of December 31, 2017 was as follows:

Portfolio Company	Investment Type	December 31, 2017
Deva Holdings, Inc.	Revolver	$ 2,500,000
DLC Acquisition, LLC	Revolver	1,800,000
Frank Entertainment Group, LLC(1)	Delayed Draw Senior	130,212
Frank Entertainment Group, LLC(1)	Delayed Draw Second Lien	303,827
HKW Capital Partners IV, L.P.	Private Equity	214,823
ICP Industries Inc.	Delayed Draw Term Loan	5,000,000
Lakeview Health Acquisition Company(1)	Revolver	1,387,367
Micross Solutions, LLC	Delayed Draw Term Loan	3,000,000
Nautic Partners VII, LP	Private Equity	509,080
Nomacorc, LLC(1)	Equity Investment	838,813
Orchid Underwriters Agency, LLC	Delayed Draw Term Loan	649,143
Schweiger Dermatology Group, LLC	Delayed Draw Term Loan	4,500,000
SCUF Gaming, Inc.	Revolver	2,000,000
Smile Brands, Inc.	Equity Investment	1,000,000
Smile Brands, Inc.	Delayed Draw Term Loan	18,826,531
SPC Partners V, LP	Private Equity	185,297
SPC Partners VI, LP	Private Equity	2,792,172
Tate's Bake Shop	Revolver	550,000
TGaS Advisors, LLC	Revolver	2,000,000
Total Unused Commitments		$ 48,187,265

(1) Represents a commitment to extend financing to a portfolio company where one or more of our current investments in the portfolio company are carried at less than cost. Our estimate of the fair value of the current investments in this portfolio company includes an analysis of the value of any unfunded commitments.

Contractual Obligations

As of December 31, 2017, our future fixed commitments for cash payments were as follows:

	Total	2018	2019-2020	2021-2022	2023-Future
SBA-guaranteed debentures payable	$ 250,000,000	$ —	$ 61,390,000	$ 94,500,000	$ 94,110,000
Interest due on SBA-guaranteed debentures payable	42,140,128	9,751,246	17,594,557	8,373,273	6,421,052
Credit Facility borrowings	156,070,484	—	—	156,070,484	—
Interest and fees on Credit Facility(1)	30,727,452	7,817,175	15,655,602	7,254,675	—
Unused commitments to extend financing	48,187,265	48,187,265	—	—	—
Notes	166,750,000	—	—	166,750,000	—
Interest on Notes	49,027,735	10,630,313	21,260,625	17,136,797	—
Operating lease payments(2)	623,208	435,571	187,637	—	—
Total	$ 743,526,272	$ 76,821,570	$ 116,088,421	$ 450,085,229	$ 100,531,052

(1) Amounts represent (i) unused Credit Facility fees calculated at a rate of 0.375% of the unused amount, which was $323.9 million as of December 31, 2017, (ii) interest expense calculated at a rate of 4.124% of outstanding Credit Facility borrowings, which were approximately $156.1 million as of December 31, 2017 and (iii) annual fees of the Credit Facility administrative agent.

(2) We lease our corporate office facility under an operating lease that terminates on May 31, 2019. We believe that our existing facilities will be adequate to meet our needs through 2018, and that we will be able to obtain additional space when, where and as needed on acceptable terms.

Recent Developments

In February 2018, our Board granted 409,000 restricted shares of our common stock to certain employees. These restricted shares had a total grant date fair value of approximately $4.4 million, which will be expensed on a straight-line basis over a four-year vesting period.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

See the section entitled "Quantitative and Qualitative Disclosures About Market Risk" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in Item 7 of Part II of this Annual Report and is incorporated by reference herein.

Item 8. ***Financial Statements and Supplementary Data.***

See our Financial Statements included herein and listed in Item 15(a) of this Annual Report.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

Not applicable.

Item 9A. ***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.

Management's Report on Internal Control over Financial Reporting

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2017.

Our internal control over financial reporting as of December 31, 2017 has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 15 of Part III of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the fourth quarter of 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

Not applicable.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

We have adopted a code of ethics (which we call our "Code of Business Conduct and Ethics"), which every director, officer and employee is expected to observe. The Code of Business Conduct and Ethics is publicly available on our website under "Corporate Governance" at the following URL: http://ir.tcap.com/corporate-governance and is referenced in this Annual Report as Exhibit 14.1.

We will provide any person, without charge, upon request, a copy of our Code of Business Conduct and Ethics. To receive a copy, please provide a written request to: Triangle Capital Corporation; Attn: Chief Compliance Officer, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612. There have been no material changes to the procedures by which stockholders may recommend nominees to our Board of Directors.

Except as set forth above, the information required by this Item with respect to our directors, executive officers and corporate governance matters is contained under the headings "Proposal No. 1: Election of Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," and "Corporate Governance" in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, and is incorporated in this Annual Report by reference in response to this Item. Our definitive Proxy Statement will be filed with the SEC within 120 days after the date of our fiscal year-end, which was December 31, 2017.

Item 11. ***Executive Compensation.***

The information required by this Item with respect to compensation of executive officers and directors is contained under the headings "Compensation Discussion and Analysis," "Executive Officer Compensation," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report" in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, and is incorporated in this Annual Report by reference in response to this Item. Our definitive Proxy Statement will be filed with the SEC within 120 days after the date of our fiscal year-end, which was December 31, 2017.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

The information required by this Item with respect to security ownership of certain beneficial owners and management and equity compensation plans is contained in Item 5 of Part II of this Annual Report, under the heading "Securities Authorized for Issuance Under our Omnibus Incentive Plan," and under the heading "Security Ownership of Certain Beneficial Owners and Management" in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, and is incorporated in this Annual Report by reference in response to this Item. Our definitive Proxy Statement will be filed with the SEC within 120 days after the date of our fiscal year-end, which was December 31, 2017.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by this Item with respect to certain relationships and related transactions and director independence is contained under the headings "Certain Relationships and Related Party Transactions," "Proposal No. 1: Election of Directors" and "Corporate Governance" in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, and is incorporated in this Annual Report by reference in response to this Item. Our definitive Proxy Statement will be filed with the SEC within 120 days after the date of our fiscal year-end, which was December 31, 2017.

Item 14. ***Principal Accountant Fees and Services.***

The information required by this Item with respect to principal accountant fees and services is contained under the heading "Independent Registered Public Accounting Firm" in our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders, to be filed with the SEC pursuant to Regulation 14A under the Exchange Act, and is incorporated in this Annual Report by reference in response to this Item. Our definitive Proxy Statement will be filed with the SEC within 120 days after the date of our fiscal year-end, which was December 31, 2017.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules.***

(a) The following documents are filed as part of this Report:

(1) Financial Statements

Triangle Capital Corporation Financial Statements:

(2) Financial Statement Schedules

None.

Schedules that are not listed herein have been omitted because they are not applicable or the information required to be set forth therein is included in the Consolidated Financial Statements or notes thereto.

(3) List of Exhibits

The exhibits required by Item 601 of Regulation S-K, except as otherwise noted, have been filed with previous reports by the Registrant and are herein incorporated by reference.

Number	Exhibit
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
3.2	Sixth 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 January 16, 2018 and incorporated herein by reference).
3.3	Certificate of Domestic Limited Partnership of Triangle Mezzanine Fund LLLP (Filed as Exhibit (a)(4) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on February 13, 2007 and incorporated herein by reference).
3.4	Second Amended and Restated Agreement of Limited Partnership of Triangle Mezzanine Fund LLLP (Filed as Exhibit 3.4 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 7, 2007 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 on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on February 15, 2007 and incorporated herein by reference).
4.2	Triangle Capital Corporation Dividend Reinvestment Plan (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).

Number	Exhibit
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 on Form N-2 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 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 filed with the Securities and Exchange Commission on February 6, 2015 and incorporated herein by reference).
10.1†	Form of Triangle Capital Corporation Non-employee Director Restricted Share Award Agreement (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2008 and incorporated herein by reference).
10.2†	Form of Triangle Capital Corporation Executive Officer Restricted Share Award Agreement (Filed as Exhibit 10.3 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2011 and incorporated herein by reference).
10.3	Custody Services Agreement between the Registrant and Fifth Third Bank dated January 6, 2012. (Filed as Exhibit (j)(4) to the Registrant's Post-Effective Amendment No. 2 on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference)
10.4	Stock Transfer Agency Agreement between the Registrant and Computershare, Inc. (as successor to The Bank of New York) (Filed as Exhibit 10.11 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).
10.5	Office Lease Agreement between 3700 Glenwood LLC and the Registrant dated March 27, 2008 (Filed as Exhibit (k)(6) to the Registrant's Pre-Effective Amendment No. 1 on Form N-2 (File No. 333-151930) filed with the Securities and Exchange Commission on August 13, 2008 and incorporated herein by reference).
10.6†	Triangle Capital Corporation Amended and Restated Executive Deferred Compensation Plan (Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2016 and incorporated herein by reference).
10.7†	Triangle Capital Corporation 2012 Cash Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 2, 2012 and incorporated herein by reference).
10.8†	Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 2, 2016 and incorporated herein by reference).
10.9	First Amendment to Office Lease Agreement between 3700 Glenwood LLC and the Registrant dated August 29, 2013 (Filed as Exhibit 10.17 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2014 and incorporated herein by reference).

Number	Exhibit
10.10	Second Amendment to Office Lease Agreement between 3700 Glenwood LLC and the Registrant dated November 13, 2013 (Filed as Exhibit 10.18 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2014 and incorporated herein by reference).
10.11	Custody Agreement between the Registrant and Branch Banking and Trust Company dated June 20, 2014 (Filed as Exhibit (j)(1) to the Registrant's Registration Statement on Form N-2 filed with the Securities and Exchange Commission on October 1, 2014 and incorporated herein by reference).
10.12	Third Amended and Restated Credit Agreement, dated May 4, 2015, among the Registrant, Branch Banking and Trust Company, ING Capital LLC, Fifth Third Bank, Morgan Stanley Bank, N.A., Bank of North Carolina, EverBank Commercial Finance, Inc., First Tennessee Bank National Association, Newbridge Bank, Yadkin Bank, CommunityOne Bank, NA, Park Sterling Bank, Paragon Commercial Bank, Raymond James Bank, N.A. and Stifel Bank & Trust (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference).
10.13	Second Amended and Restated Equity Pledge Agreement, dated May 4, 2015, between the Registrant, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company (Filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference).
10.14	Second Amended and Restated General Security Agreement, dated May 4, 2015, between the Registrant, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company (Filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 6, 2015 and incorporated herein by reference).
10.15	Agreement between Brent P.W. Burgess and the Company (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 18, 2016 and incorporated herein by reference).
10.16	First Amendment to Third Amended and Restated Credit Agreement, dated May 1, 2017, among the Company, Branch Banking and Trust Company, ING Capital LLC, Fifth Third Bank, Morgan Stanley Bank, N.A., Bank of North Carolina, EverBank Commercial Finance, Inc., First Tennessee Bank National Association, First National Bank of Pennsylvania, Capital Bank Corporation, Park Sterling Bank, Paragon Commercial Bank, Raymond James Bank, N.A. and Stifel Bank & Trust (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 3, 2017 and incorporated herein by reference).
10.17†	Triangle Capital Corporation Omnibus Incentive Plan (Filed as Exhibit 10.1 to the Registrant's Registration Statement on Form S-8 (File No. 333-218459) filed with the Securities and Exchange Commission on June 2, 2017 and incorporated herein by reference).
10.18	Supplement and Joinder Agreement for Triangle Capital Corporation Credit Agreement dated July 31, 2017 (Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 2, 2017 and incorporated herein by reference).
10.19†	Form of Triangle Capital Corporation Executive Officer Restricted Share Award Agreement (Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 2, 2017 and incorporated herein by reference).
10.20†	Form of Triangle Capital Corporation Non-employee Director Restricted Share Award Agreement (Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on August 2, 2017 and incorporated herein by reference).
10.21	Supplement and Joinder Agreement for Triangle Capital Corporation Credit Agreement dated September 29, 2017 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2017 and incorporated herein by reference).
10.22†	Form of Executive Retention Agreement (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 17, 2017 and incorporated herein by reference).

Number	Exhibit
10.23†	Form of Indemnification Agreement.*
10.24†	Form of Amendment to Executive Retention Agreement.*
10.25†	Triangle Capital Corporation Amended and Restated Change in Control Retention Policy.*
11	Statement re computation of per share earnings (Included in the consolidated financial statements filed with this report).*
14.1	Code of Business Conduct and Ethics (Filed as Exhibit 14.1 to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 9, 2011 and incorporated herein by reference).
21.1	List of Subsidiaries.*
23.1	Consent of Ernst & Young LLP.*
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.**

† Management contract or compensatory plan or arrangement.
* Filed herewith.
** Furnished herewith.

(b) Exhibits

See Item 15(a)(3) above.

(c) Financial Statement Schedules

See Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: February 28, 2018

TRIANGLE CAPITAL CORPORATION

By: /s/ E. Ashton Poole
Name: E. Ashton Poole
Title: Chief Executive Officer and Chairman of the Board of Directors

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ E. Ashton Poole E. Ashton Poole	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	February 28, 2018
/s/ Steven C. Lilly Steven C. Lilly	Chief Financial Officer, Secretary and Director (Principal Financial Officer)	February 28, 2018
/s/ C. Robert Knox, Jr. C. Robert Knox, Jr.	Controller (Principal Accounting Officer)	February 28, 2018
/s/ W. McComb Dunwoody W. McComb Dunwoody	Director	February 28, 2018
/s/ Mark M. Gambill Mark M. Gambill	Director	February 28, 2018
/s/ Benjamin S. Goldstein Benjamin S. Goldstein	Director	February 28, 2018
/s/ Mark F. Mulhern Mark F. Mulhern	Director	February 28, 2018
/s/ Simon B. Rich, Jr. Simon B. Rich, Jr.	Director	February 28, 2018
/s/ Garland S. Tucker, III Garland S. Tucker, III	Director	February 28, 2018

Triangle Capital Corporation

Index to Financial Statements and Financial Statement Schedules

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Triangle Capital Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Triangle Capital Corporation (the Company), including the consolidated schedules of investments, as of December 31, 2017 and 2016, the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of Triangle Capital Corporation at December 31, 2017 and 2016, and the consolidated results of its operations, changes in its net assets, and its cash flows, for each of the three years in the period ended December 31, 2017, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 28, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 and 2016 by correspondence with the custodian and directly with management or designees of the portfolio companies, as applicable. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006.

Raleigh, North Carolina
February 28, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Triangle Capital Corporation

Opinion on Internal Control over Financial Reporting

We have audited Triangle Capital Corporation's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Triangle Capital Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company, including the consolidated schedules of investments, as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended December 31, 2017, and the related notes and our report dated February 28, 2018 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 28, 2018

Triangle Capital Corporation

Consolidated Balance Sheets

	December 31, 2017	December 31, 2016
Assets:		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of $910,150,765 and $888,974,154 at December 31, 2017 and 2016, respectively)	$ 831,194,397	$ 857,604,639
Affiliate investments (cost of $149,099,548 and $162,539,224 at December 31, 2017 and 2016, respectively)	147,101,949	161,510,773
Control investments (cost of $62,375,532 and $45,418,113 at December 31, 2017 and 2016, respectively)	37,988,000	18,791,769
Total investments at fair value	1,016,284,346	1,037,907,181
Cash and cash equivalents	191,849,697	107,087,663
Interest and fees receivable	7,806,887	10,189,788
Prepaid expenses and other current assets	1,854,861	1,659,570
Deferred financing fees	5,186,672	2,699,960
Property and equipment, net	81,149	106,494
Total assets	$ 1,223,063,612	$ 1,159,650,656
Liabilities:		
Accounts payable and accrued liabilities	$ 9,863,209	$ 6,797,244
Interest payable	3,997,480	3,996,940
Taxes payable	796,111	489,691
Deferred income taxes	1,331,528	2,053,701
Borrowings under credit facility	156,070,484	127,011,475
Notes, net of deferred financing fees	163,408,301	162,755,381
SBA-guaranteed debentures payable, net of deferred financing fees	246,321,125	245,389,966
Total liabilities	581,788,238	548,494,398
Commitments and contingencies (Note 8)		
Net Assets:		
Common stock, $0.001 par value per share (150,000,000 shares authorized, 47,740,832 and 40,401,292 shares issued and outstanding as of December 31, 2017 and 2016, respectively)	47,741	40,401
Additional paid in capital	823,614,881	686,835,054
Net investment income in excess of distributions	8,305,431	5,884,512
Net accumulated realized losses	(84,883,623)	(24,211,594)
Net unrealized depreciation	(105,809,056)	(57,392,115)
Total net assets	641,275,374	611,156,258
Total liabilities and net assets	$ 1,223,063,612	$ 1,159,650,656
Net asset value per share	$ 13.43	$ 15.13

See accompanying notes.

Triangle Capital Corporation
Consolidated Statements of Operations

	Year Ended December 31, 2017	2016	2015
Investment income:			
Interest income:			
Non-Control / Non-Affiliate investments	$ 83,421,527	$ 73,110,821	$ 69,880,678
Affiliate investments	13,462,551	13,262,066	16,812,432
Control investments	1,155,791	1,017,716	446,301
Total interest income	98,039,869	87,390,603	87,139,411
Dividend income:			
Non-Control / Non-Affiliate investments	2,364,569	912,304	4,373,803
Affiliate investments	319,619	1,107,920	1,122,125
Control investments	—	300,333	79
Total dividend income	2,684,188	2,320,557	5,496,007
Fee and other income:			
Non-Control / Non-Affiliate investments	9,134,573	6,735,108	9,084,933
Affiliate investments	1,106,151	1,250,757	3,359,995
Control investments	407,292	400,000	400,000
Total fee and other income	10,648,016	8,385,865	12,844,928
Payment-in-kind interest income:			
Non-Control / Non-Affiliate investments	8,367,457	11,113,845	10,911,656
Affiliate investments	2,550,074	4,120,574	4,669,868
Total payment-in-kind interest income	10,917,531	15,234,419	15,581,524
Interest income from cash and cash equivalent investments	715,028	348,113	224,743
Total investment income	123,004,632	113,679,557	121,286,613
Operating expenses:			
Interest and other financing fees	29,261,030	26,720,572	26,754,001
Compensation expenses	16,135,739	23,675,809	19,009,256
General and administrative expenses	5,370,046	4,406,303	3,894,253
Total operating expenses	50,766,815	54,802,684	49,657,510
Net investment income	72,237,817	58,876,873	71,629,103
Realized and unrealized gains (losses) on investments and foreign currency borrowings:			
Net realized gains (losses):			
Non-Control / Non-Affiliate investments	(3,683,168)	(2,413,750)	9,002,793
Affiliate investments	(3,979,667)	4,398,798	2,314,896
Control investments	(45,205,868)	—	(38,807,152)
Net realized gains (losses) on investments	(52,868,703)	1,985,048	(27,489,463)
Foreign currency borrowings	1,268,776	—	—
Net realized gains (losses)	(51,599,927)	1,985,048	(27,489,463)
Net unrealized appreciation (depreciation):			
Non-Control / Non-Affiliate investments	(65,786,245)	(9,079,811)	(23,583,035)
Affiliate investments	(7,356,046)	(5,473,012)	2,839,512
Control investments	27,547,274	(11,464,464)	23,875,966
Net unrealized appreciation (depreciation) on investments	(45,595,017)	(26,017,287)	3,132,443
Foreign currency borrowings	(2,821,924)	(152,957)	2,363,214
Net unrealized appreciation (depreciation)	(48,416,941)	(26,170,244)	5,495,657
Net realized and unrealized losses on investments and foreign currency borrowings	(100,016,868)	(24,185,196)	(21,993,806)
Loss on extinguishment of debt	—	—	(1,394,017)
Provision for taxes	(871,410)	(435,245)	(384,028)
Net increase (decrease) in net assets resulting from operations	$ (28,650,461)	$ 34,256,432	$ 47,857,252
Net investment income per share — basic and diluted	$ 1.55	$ 1.62	$ 2.16
Net increase (decrease) in net assets resulting from operations per share — basic and diluted	$ (0.62)	$ 0.94	$ 1.44
Dividends/distributions per share:			
Regular quarterly dividends/distributions	$ 1.65	$ 1.89	$ 2.16
Supplemental dividends/distributions	—	—	0.20
Total dividends/distributions	$ 1.65	$ 1.89	$ 2.36
Weighted average number of shares outstanding — basic and diluted	46,497,977	36,405,024	33,234,319

See accompanying notes.

Triangle Capital Corporation

Consolidated Statements of Changes in Net Assets

	Common Stock						
	Number of Shares	Par Value	Additional Paid In Capital	Investment Income in Excess of Distributions	Accumulated Realized Gains (Losses) on Investments	Net Unrealized Appreciation (Depreciation)	Total Net Assets
Balance, January 1, 2015	32,950,288	$32,950	$542,119,994	$12,926,514	$ 12,464,699	$ (36,717,528)	$530,826,629
Net investment income	—	—	—	71,629,103	—	—	71,629,103
Stock-based compensation	—	—	6,989,341	—	—	—	6,989,341
Net realized gain (loss) on investments / foreign currency	—	—	—	—	(27,489,463)	27,062,153	(427,310)
Net unrealized depreciation on investments / foreign currency	—	—	—	—	—	(21,566,496)	(21,566,496)
Loss on extinguishment of debt	—	—	—	(1,394,017)	—	—	(1,394,017)
Provision for taxes	—	—	—	(384,028)	—	—	(384,028)
Return of capital and other tax related adjustments	—	—	(1,039,969)	3,585,623	(2,545,654)	—	—
Dividends/distributions declared	179,075	179	3,725,998	(70,236,054)	(8,242,911)	—	(74,752,788)
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, 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	—	—	—	58,876,873	—	—	58,876,873
Stock-based compensation	—	—	10,331,464	—	—	—	10,331,464
Net realized gain (loss) on investments / foreign currency	—	—	—	—	1,985,048	600,222	2,585,270
Net unrealized depreciation on investments / foreign currency	—	—	—	—	—	(26,770,466)	(26,770,466)
Provision for taxes	—	—	—	(435,245)	—	—	(435,245)
Return of capital and other tax related adjustments	—	—	(484,037)	867,350	(383,313)	—	—
Dividends/distributions declared	160,948	160	3,075,393	(69,551,607)	—	—	(66,476,054)
Public offering of common stock	6,742,362	6,742	129,119,482	—	—	—	129,126,224
Issuance of restricted stock	364,605	365	(365)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(241,749)	(241)	(4,449,322)	—	—	—	(4,449,563)
Balance, December 31, 2016	40,401,292	$40,401	$686,835,054	$ 5,884,512	$(24,211,594)	$ (57,392,115)	$611,156,258
Net investment income	—	—	—	72,237,817	—	—	72,237,817
Stock-based compensation	—	—	6,022,861	—	—	—	6,022,861
Net realized gain (loss) on investments / foreign currency	—	—	—	—	(51,599,927)	54,405,862	2,805,935
Net unrealized depreciation on investments / foreign currency	—	—	—	—	—	(102,822,803)	(102,822,803)
Provision for taxes	—	—	—	(871,410)	—	—	(871,410)
Return of capital and other tax related adjustments	—	—	(689,101)	9,761,203	(9,072,102)	—	—
Dividends/distributions declared	91,366	91	1,637,467	(78,706,691)	—	—	(77,069,133)
Public offering of common stock	7,000,000	7,000	131,989,144	—	—	—	131,996,144
Issuance of restricted stock	360,470	361	(361)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(112,296)	(112)	(2,180,183)	—	—	—	(2,180,295)
Balance, December 31, 2017	47,740,832	$47,741	$823,614,881	$ 8,305,431	$(84,883,623)	$(105,809,056)	$641,275,374

See accompanying notes.

Triangle Capital Corporation

Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2017	**2016**	**2015**
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	$ (28,650,461)	$ 34,256,432	$ 47,857,252
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities:			
Purchases of portfolio investments	(483,743,398)	(319,466,966)	(453,928,052)
Repayments received/sales of portfolio investments	403,678,672	236,692,865	343,268,967
Loan origination and other fees received	7,294,015	5,813,991	7,099,587
Net realized (gains) losses on investments	52,868,703	(1,985,048)	27,489,463
Net realized gain on foreign currency borrowings	(1,268,776)	—	—
Net unrealized (appreciation) depreciation on investments	46,317,189	28,951,901	(4,757,093)
Net unrealized (appreciation) depreciation on foreign currency borrowings	2,821,924	152,957	(2,363,214)
Deferred income taxes	(722,173)	(2,934,616)	1,624,648
Payment-in-kind interest accrued, net of payments received	2,021,987	(5,671,705)	(2,573,814)
Amortization of deferred financing fees	2,514,459	2,226,066	2,162,562
Loss on extinguishment of debt	—	—	1,394,017
Accretion of loan origination and other fees	(6,337,441)	(4,568,399)	(6,165,489)
Accretion of loan discounts	(476,892)	(397,104)	(487,163)
Accretion of discount on SBA-guaranteed debentures payable	—	31,899	188,295
Depreciation expense	65,857	70,108	60,244
Stock-based compensation	6,022,861	10,331,464	6,989,341
Changes in operating assets and liabilities:			
Interest and fees receivable	2,382,901	(5,297,642)	2,516,959
Prepaid expenses and other current assets	(195,291)	(712,502)	(508,207)
Accounts payable and accrued liabilities	3,065,965	(666,270)	318,841
Interest payable	540	282,470	349,233
Taxes payable	306,420	(245,807)	(1,770,533)
Net cash provided by (used) in operating activities	7,967,061	(23,135,906)	(31,234,156)
Cash flows from investing activities:			
Purchases of property and equipment	(40,512)	(70,904)	(57,189)
Net cash used in investing activities	(40,512)	(70,904)	(57,189)
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	141,700,000	104,901,849	215,000,000
Repayments of borrowings under credit facility	(114,194,139)	(109,300,000)	(144,000,000)
Proceeds from notes	—	—	83,372,640
Redemption of notes	—	—	(69,000,000)
Financing fees paid	(3,417,092)	(1,123,401)	(2,919,436)
Net proceeds (expenses) related to public offerings of common stock	131,996,144	129,126,224	(54,967)
Common stock withheld for taxes upon vesting of restricted stock	(2,180,295)	(4,449,563)	(2,497,712)
Cash dividends/distributions paid	(77,069,133)	(66,476,054)	(74,752,788)
Net cash provided by financing activities	76,835,485	77,679,055	5,147,737
Net increase (decrease) in cash and cash equivalents	84,762,034	54,472,245	(26,143,608)
Cash and cash equivalents, beginning of year	107,087,663	52,615,418	78,759,026
Cash and cash equivalents, end of year	$ 191,849,697	$ 107,087,663	$ 52,615,418
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 25,587,590	$ 23,366,963	$ 23,021,114
Summary of non-cash financing transactions:			
Dividends paid through DRIP share issuances	$ 1,637,558	$ 3,075,553	$ 3,726,177

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments
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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	$ 13,630,067	$ 13,630,067
		Class A Units (1,500,000 units)		901,026	3,610,000
			13,819,514	14,531,093	17,240,067
Aden & Anais Holdings, Inc. (0%)*	Baby Products	Common Stock (20,000 shares)		2,000,000	601,000
				2,000,000	601,000
AKKR-MVSC Member, LLC (F/K/A Motor Vehicle Software Corporation) (0%)*	Provider of EVR Services	Class A Units (1,000,000 units)		1,092,964	1,413,000
				1,092,964	1,413,000
AM General, LLC (4%)*	Defense Manufacturing	Senior Note (LIBOR + 7.25%, 8.6% Cash, Due 12/21)(8)	9,000,000	8,875,311	8,886,000
		Second Lien Term Note (LIBOR +11.75%, 13.1% Cash, Due 06/22)(8)	20,000,000	19,480,694	19,593,000
			29,000,000	28,356,005	28,479,000
Avantor, Inc. (0%)*	Life Sciences and Advanced Technologies	Subordinated Note (9.0% Cash, Due 10/25)	500,000	500,000	500,000
			500,000	500,000	500,000
AVL Holdings, Inc. (0%)*	Manufacturer and Distributor for Independent Artists and Authors	Common Stock (138 shares)		1,300,000	2,824,000
				1,300,000	2,824,000
Baker Hill Acquisition, LLC (2%)*	Loan Origination Software Solutions Provider	Second Lien Term Notes (LIBOR + 11.0%, 12.3% Cash, Due 03/21)(8)	13,500,000	13,367,659	11,130,000
		Delayed Draw Term Note (LIBOR + 11.0%, 12.3% Cash, Due 03/21)(8)	2,000,000	1,982,177	1,982,177
		Limited Partnership Interest		1,498,500	105,000
			15,500,000	16,848,336	13,217,177
Cafe Enterprises, Inc. (0%)*	Restaurant	Second Lien Term Note (Prime + 5.75%, 10.3% Cash, Due 03/19)(6)(8)	2,019,425	1,956,096	—
		Subordinated Note (7% Cash, 7% PIK, Due 09/19)(6)	15,190,538	13,745,570	—
		Series C Preferred Stock (10,000 shares)		1,000,000	—
			17,209,963	16,701,666	—
Captek Softgel International, Inc. (5%)*	Nutraceuticals Manufacturer	Subordinated Note (10% Cash, 1.5% PIK, Due 01/23)	30,813,099	30,534,147	30,534,147
		Common Stock (38,023 shares)		3,957,697	4,137,000
			30,813,099	34,491,844	34,671,147
Carolina Beverage Group, LLC (0%)*	Beverage Manufacturing and Packaging	Class B Units (11,974 units)		119,735	1,873,000
				119,735	1,873,000
Centerfield Media Holding Company (0%)*	Digital Marketing	Common Shares (500 shares)		500,000	1,129,000
				500,000	1,129,000
CIBT Global, Inc. (2%)*	Provider of Mobility Services	Second Lien Term Note (LIBOR + 7.75%, 9.1% Cash, Due 06/25)(8)	10,000,000	9,904,429	9,815,000
			10,000,000	9,904,429	9,815,000
CIS Acquisition, LLC (0%)*	Secure Communications and Computing Solutions Provider	Units (1.09 units)		277,538	277,538
				277,538	277,538
Community Intervention Services, Inc. (0%)*	Provider of Behavioral Health Services	Subordinated Note (7% Cash, 6% PIK, Due 01/21) (6)	20,969,036	17,732,558	—
			20,969,036	17,732,558	—
Constellis Holdings, LLC (1%)*	Provider of Security and Risk Management Services	Second Lien Term Note (LIBOR + 9.0%, 10.3% Cash, Due 04/25)(8)	5,000,000	4,929,791	4,894,000
			5,000,000	4,929,791	4,894,000
CPower Ultimate HoldCo, LLC (0%)*	Demand Response Business	Units (345,542 units)		345,542	1,988,000
				345,542	1,988,000

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Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
CWS Holding Company, LLC (0%)*	Manufacturer of Custom Windows and Sliding Doors	Class A Units (1,500,000 units)		$ 1,500,000	$ 1,546,000
				1,500,000	1,546,000
Data Source Holdings, LLC (0%)*	Print Supply Chain Management Services	Common Units (47,503 units)		1,000,000	813,000
				1,000,000	813,000
Del Real, LLC (3%)*	Hispanic Refrigerated Foods Company	Subordinated Note (11% Cash, Due 04/23)	$ 14,000,000	13,759,702	13,759,702
		Class A Units (3,000,000 units)		3,000,000	3,368,000
			14,000,000	16,759,702	17,127,702
Deva Holdings, Inc. (5%)*	Hair Products	Senior Note (LIBOR + 6.75%, 8.1% Cash, Due 10/23)(8)	32,500,000	31,823,379	31,823,379
			32,500,000	31,823,379	31,823,379
Dimora Brands, Inc. (3%)*	Hardware Designer and Distributor	Second Lien Term Note (LIBOR + 8.5%, 9.9% Cash, Due 08/25)(8)	20,000,000	19,608,400	19,615,000
			20,000,000	19,608,400	19,615,000
DLC Acquisition, LLC (6%)*	Staffing Firm	Senior Notes (LIBOR + 8.0%, 10% Cash, Due 12/20) (8)	21,706,250	21,539,521	21,539,521
		Senior Note (10% Cash, 2% PIK, Due 12/20)	17,275,680	17,123,271	17,123,271
			38,981,930	38,662,792	38,662,792
Dyno Acquiror, Inc. (1%)*	Sewing Products and Seasonal Decorative Products Supplier	Subordinated Note (10.5% Cash, 1.5% PIK, Due 08/20)	4,663,527	4,646,697	4,646,697
		Series A Units (600,000 units)		600,000	504,000
			4,663,527	5,246,697	5,150,697
Eckler's Holdings, Inc. (0%)*	Restoration Parts and Accessories for Classic Cars and Trucks	Subordinated Note (17.5% Cash, Due 06/19)(6)	14,385,439	13,242,814	—
		Common Stock (18,029 shares)		183,562	—
		Series A Preferred Stock (1,596 shares)		1,596,126	—
		Series B Preferred Stock (702 shares)		435,127	—
			14,385,439	15,457,629	—
Frozen Specialties, Inc. (2%)*	Frozen Foods Manufacturer	Subordinated Note (10% Cash, 4% PIK, Due 05/18)	14,238,457	14,238,457	14,238,457
			14,238,457	14,238,457	14,238,457
GST AutoLeather, Inc. (0%)*	Supplier of Automotive Interior Leather	Subordinated Note (0% Cash, Due 01/21)(6)	24,166,324	23,073,507	200,000
			24,166,324	23,073,507	200,000
Halo Branded Solutions, Inc. (3%)*	Promotional Product Supply Chain Services	Subordinated Notes (11% Cash, 1% PIK, Due 10/22)	13,766,530	13,543,628	13,543,628
		Class A1 Units (2,600 units)		2,600,000	5,857,000
			13,766,530	16,143,628	19,400,628
HemaSource, Inc. (2%)*	Medical Products Distributor	Subordinated Note (9.5% Cash, 1.5% PIK, Due 01/24)	10,069,284	9,880,715	9,880,715
		Class A Units (1,000,000 units)		1,000,000	1,023,000
			10,069,284	10,880,715	10,903,715
HKW Capital Partners IV, L.P. (0%)*(4)	Multi-Sector Holdings	0.6% Limited Partnership Interest		894,476	1,671,000
				894,476	1,671,000
HTC Borrower, LLC (4%)*	Hunting and Outdoor Products	Subordinated Notes (10% Cash, 3% PIK, Due 09/20)	26,935,658	26,722,850	25,759,000
			26,935,658	26,722,850	25,759,000
ICP Industrial, Inc. (3%)*	Coatings Formulator and Manufacturer	Second Lien Term Notes (LIBOR + 8.25%, 9.6% Cash, Due 05/24)(8)	20,000,000	19,392,800	19,392,800
		Class A Units (1,289 units)		1,751,483	1,650,000
			20,000,000	21,144,283	21,042,800
IDERA, Inc. (2%)*	Software Provider	Second Lien Term Note (LIBOR + 9.0%, 10.4% Cash, Due 06/25)(8)	10,000,000	9,856,308	9,866,000
			10,000,000	9,856,308	9,866,000
Inland Pipe Rehabilitation Holding Company LLC (0%)*	Cleaning and Repair Services	Membership Interest Purchase Warrant (3%)		853,500	1,101,000
				853,500	1,101,000

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Consolidated Schedule of Investments — (Continued)
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Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
Integrated Efficiency Solutions, Inc. (3%)*	Energy Services Contracting Firm	Senior Secured Term Note (LIBOR + 9.25%, 10.6% Cash, Due 06/22)(8)	$ 18,268,750	$ 17,970,511	$ 17,970,511
		Series B Preferred Units (238,095 units)		300,000	243,000
			18,268,750	18,270,511	18,213,511
Keystone Peer Review Organization, Inc. (0%)*	Healthcare - Managed Care	Second Lien Term Note (LIBOR + 9.25%, 10.6% Cash, Due 05/25)(8)	3,000,000	2,943,794	2,922,000
			3,000,000	2,943,794	2,922,000
KidKraft, Inc. (4%)*	Children's Toy Manufacturer and Distributor	Second Lien Term Note (11% Cash, 1% PIK, Due 03/22)	27,945,580	27,491,811	27,491,811
			27,945,580	27,491,811	27,491,811
K-Square Restaurant Partners, LP (0%)*	Restaurant	Class A Units of Limited Partnership (2,000 units)		638,260	1,588,000
				638,260	1,588,000
Lakeview Health Holdings, Inc. (3%)*	Substance Abuse Treatment Service Provider	Senior Note (LIBOR + 7.0%, 8.5% Cash, Due 12/21) (8)	18,426,505	18,260,612	17,916,000
		Common Stock (2,000 shares)		2,000,000	853,000
			18,426,505	20,260,612	18,769,000
Media Storm, LLC (0%)*	Marketing Services	Subordinated Note (10% Cash, Due 08/19)(6)	6,876,818	6,541,519	1,617,000
		Membership Units (1,216,204 units)		1,176,957	—
			6,876,818	7,718,476	1,617,000
MIC Holding LLC (1%)*	Firearm Accessories Manufacturer and Distributor	Preferred Units (1,470 units)		1,470,000	3,449,000
		Common Units (30,000 units)		30,000	4,918,000
				1,500,000	8,367,000
Micross Solutions LLC (3%)*	Provider of Semiconductor Products and Services	Senior Note (LIBOR + 5.5%, 6.8% Cash, Due 08/23)(8)	14,962,500	14,788,973	14,788,973
		Class A-2 Common Units (1,979,524 units)		2,019,693	1,571,000
			14,962,500	16,808,666	16,359,973
Nautic Partners VII, LP (0%)*(4)	Multi-Sector Holdings	0.4% Limited Partnership Interest		907,332	1,175,000
				907,332	1,175,000
Navicure, Inc. (1%)*	Healthcare Revenue Cycle Management Software	Second Lien Term Note (LIBOR + 7.5%, 8.9% Cash, Due 11/25)(8)	6,000,000	5,941,328	5,941,328
			6,000,000	5,941,328	5,941,328
Nomacorc, LLC (4%)*	Synthetic Wine Cork Producer	Subordinated Note (10% Cash, 2.3% PIK, Due 07/21)	21,356,210	21,109,445	21,109,445
		Limited Partnership Interest		2,161,185	1,438,000
			21,356,210	23,270,630	22,547,445
OEConnection, LLC (0%)*	Automotive Parts Supply Chain Software	Second Lien Term Note (LIBOR + 8.0%, 9.3% Cash, Due 11/25)(8)	3,000,000	2,970,000	2,970,000
			3,000,000	2,970,000	2,970,000
Orchid Underwriters Agency, LLC (1%)*	Insurance Underwriter	Subordinated Note (10% Cash, 1.5% PIK, Due 03/23)	2,135,226	2,095,654	2,095,654
		Subordinated Note (13.5% PIK, Due 03/24)	812,457	797,991	797,991
		Class A Preferred Units (15,000 units)		338,158	957,000
		Class A Common Units (15,000 units)		—	1,132,000
			2,947,683	3,231,803	4,982,645
ProAmpac PG Borrower LLC (2%)*	Manufacturer of Flexible Packaging Products	Second Lien Term Note (LIBOR + 8.5%, 9.9% Cash, Due 11/24)(8)	15,000,000	14,794,786	14,988,000
			15,000,000	14,794,786	14,988,000
Q International Courier, LLC (2%)*	Third-Party Logistics Provider	Second Lien Term Note (LIBOR + 8.25%, 9.7% Cash, Due 09/25)(8)	14,000,000	13,725,941	13,725,941
			14,000,000	13,725,941	13,725,941
REP WWEX Acquisition Parent, LLC (2%)*	Third-Party Logistics Provider	Second Lien Term Note (LIBOR + 8.75%, 10.2% Cash, Due 02/25)(8)	15,000,000	14,794,594	14,861,000
			15,000,000	14,794,594	14,861,000

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Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
RMP Group, Inc. (2%)*	Healthcare Revenue Cycle Management Services	Subordinated Note (10.5% Cash, 1% PIK, Due 09/22)	$ 10,083,813	$ 9,904,854	$ 9,904,854
		Units (1,000 units)		1,000,000	723,000
			10,083,813	10,904,854	10,627,854
RockYou, Inc. (0%)*	Mobile Game Advertising Network	Common Stock (67,585 shares)		111,000	111,000
				111,000	111,000
Rotolo Consultants, Inc. (3%)*	Landscape Services	Subordinated Note (11% Cash, 3% PIK, Due 08/21)	7,632,930	7,531,194	7,531,194
		Series A Preferred Units (39 units)		3,654,253	8,504,000
			7,632,930	11,185,447	16,035,194
SCA Pharmaceuticals, LLC (2%)*	Provider of Pharmaceutical Products	Subordinated Note (LIBOR + 9.0%, 10.5% Cash, Due 12/20) (8)	10,000,000	9,832,455	9,832,455
			10,000,000	9,832,455	9,832,455
Schweiger Dermatology Group, LLC (4%)*	Provider of Dermatology Services	Senior Notes (LIBOR + 8.5%, 10.0% Cash, Due 06/22)(8)	25,500,000	25,113,677	25,113,677
		Class A-5 Units (1,976,284 units)		1,000,000	1,000,000
			25,500,000	26,113,677	26,113,677
SCUF Gaming, Inc. (4%)*	Gaming Controller Manufacturer	Senior Notes (LIBOR + 8.5%, 9.9% Cash, Due 12/21)(8)	24,757,920	24,339,939	24,339,939
		Revolver Loan (LIBOR + 8.5%, 9.9% Cash, Due 06/18)(8)	1,500,000	1,487,760	1,487,760
		Common Stock (27,112 shares)		742,000	378,000
			26,257,920	26,569,699	26,205,699
Smile Brands, Inc. (4%)*	Dental Service Organization	Subordinated Notes (10% Cash, 2% PIK, Due 02/23)	22,796,512	22,417,773	22,417,773
		Class A Units (3,000 units)		3,000,000	3,353,000
			22,796,512	25,417,773	25,770,773
SPC Partners V, LP (0%)*(4)	Multi-Sector Holdings	0.7% Limited Partnership Interest		2,260,450	2,412,000
				2,260,450	2,412,000
SPC Partners VI, LP (0%)*(4)	Multi-Sector Holdings	0.6% Limited Partnership Interest		207,828	207,828
				207,828	207,828
Specialized Desanders, Inc. (2%)*(4)	Sand and Particulate Removal Equipment Provider for Oil and Gas Companies	Subordinated Note (11% Cash, 2% PIK, Due 10/20)	10,117,769	8,692,122	7,451,070
		Class C Partnership Units (2,000,000 units)		1,937,421	3,993,000
			10,117,769	10,629,543	11,444,070
St. Croix Hospice Acquisition Corp. (1%)*	Hospice Services Provider	Second Lien Term Note (LIBOR + 8.75%, 10.1% Cash, Due 03/24)(8)	9,200,000	9,065,834	9,065,834
		Series A Preferred Units (500 units)		500,000	359,000
		Class B Common Units (500 units)		—	—
			9,200,000	9,565,834	9,424,834
Tate's Bake Shop (2%)*	Producer of Baked Goods	Senior Note (LIBOR + 6.25%, 7.6% Cash, Due 08/19)(8)	9,975,000	9,951,709	9,951,709
		Limited Partnership Interest		534,280	1,845,000
			9,975,000	10,485,989	11,796,709
Tax Advisors Group, LLC (2%)*	Tax Advisory Services	Subordinated Note (10% Cash, 2% PIK, Due 12/22)	12,400,000	12,169,399	12,169,399
		Class A Units (386 units)		1,458,824	2,295,000
			12,400,000	13,628,223	14,464,399
TCFI Merlin LLC ("Merlin") and TCFI CSG LLC ("CSG") (2%)*	Specialty Staffing Service Provider	Subordinated Notes (11.6% Cash, Due 09/19)(8)	14,184,192	13,970,730	13,970,730
		Limited Partnership Units - Merlin (500,500 units)		285,485	1,595,000
		Class A Units - CSG (100,000 units)		100,000	230,000
			14,184,192	14,356,215	15,795,730
The Cook & Boardman Group, LLC (1%)*	Distributor of Doors and Related Products	Class A Units (1,400,000 units)		1,400,000	3,490,000
				1,400,000	3,490,000

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Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
Trademark Global LLC (3%)*	Supplier to Mass Market Internet Retail	Subordinated Note (10% Cash, 1.3% PIK, Due 04/23)	$ 14,800,000	$ 14,610,405	$ 14,610,405
		Class A Units (1,500,000 units)		1,500,000	1,500,000
		Class B Units (1,500,000 units)		—	894,000
			14,800,000	16,110,405	17,004,405
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)	10,332,955	10,153,881	10,153,881
		Second Lien Term Note - TP (11% Cash, 2% PIK, Due 11/22)(4)	9,152,950	8,991,783	9,403,477
		Common Units - Travelpro (2,000,000 units)		2,000,000	2,270,000
			19,485,905	21,145,664	21,827,358
United Biologics, LLC (2%)*	Allergy Immunotherapy	Senior Note (12% Cash, 2% PIK, Due 04/18)	13,022,543	13,022,542	13,022,542
		Class A-1 Common Units (18,818 units)		137,324	137,325
		Class A Common Units (177,935 units)		1,999,989	1,351,000
		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	288,000
			13,022,543	15,997,972	14,798,867
Vantage Mobility International, LLC (5%)*	Wheelchair Accessible Vehicle Manufacturer	Subordinated Notes (10.6% Cash, Due 09/21)(8)	30,708,796	30,216,432	30,216,432
		Class A Units (1,750,000 units)		1,750,000	719,000
			30,708,796	31,966,432	30,935,432
Wheel Pros Holdings, Inc. (3%)*	Wheel/Rim and Performance Tire Distributor	Subordinated Note (LIBOR + 7.0%, 11% Cash, Due 06/20) (8)	16,435,000	16,217,360	16,217,360
		Class A Units (2,000 units)		1,954,144	3,508,000
			16,435,000	18,171,504	19,725,360
Women's Marketing, Inc. (0%)*	Full-Service Media Organization	Subordinated Note (11% Cash, 1.5% PIK, Due 06/21)(6)	19,136,331	16,141,439	—
		Class A Common Units (16,300 units)		1,630,000	—
			19,136,331	17,771,439	—
WSO Holdings, LP (0%)*	Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer	Common Points (3,121 points)		3,089,581	2,612,000
				3,089,581	2,612,000
YummyEarth Inc. (4%)*	Organic Candy Manufacturer	Senior Notes (LIBOR + 8.5%, 10.0% Cash, Due 08/20)(8)	31,250,000	30,965,913	26,196,000
		Limited Partnership Interest		3,496,500	—
			31,250,000	34,462,413	26,196,000
Subtotal Non–Control / Non–Affiliate Investments			**856,289,518**	**910,150,765**	**831,194,397**
Affiliate Investments:					
All Metals Holding, LLC (1%)*	Steel Processor and Distributor	Subordinated Note (12% Cash, 1% PIK, Due 12/21)	6,434,351	6,278,902	6,434,000
		Units (318,977 units)		793,331	266,000
			6,434,351	7,072,233	6,700,000
Consolidated Lumber Holdings, LLC (1%)*	Lumber Yard Operator	Class A Units (15,000 units)		1,500,000	4,500,000
				1,500,000	4,500,000
FCL Holding SPV, LLC (0%)*	Commercial Printing Services	Class A Interest (24,873 units)		292,000	570,000
		Class B Interest (48,427 units)		—	—
		Class C Interest (3,746 units)		—	—
				292,000	570,000
Mac Land Holdings, Inc. (0%)*	Environmental and Facilities Services	Common Stock (139 shares)		369,000	—
				369,000	—

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Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
NB Products, Inc. (9%)*	Distributor of Work Apparel and Accessories	Subordinated Note (12% Cash, 2% PIK, Due 02/20)	$ 23,570,899	$ 23,308,085	$ 23,308,085
		Jr. Subordinated Note (10% PIK, Due 02/20)	5,194,357	5,114,592	5,114,592
		Jr. Subordinated Bridge Note (20% PIK, Due 05/21)	2,434,156	2,412,295	2,412,295
		Series A Redeemable Senior Preferred Stock (7,839 shares)		7,621,648	10,390,000
		Common Stock (1,668,691 shares)		333,738	16,044,000
			31,199,412	38,790,358	57,268,972
Passport Food Group, LLC (3%)*	Manufacturer of Ethnic Food Products	Senior Notes (LIBOR + 9.0%, 10.3% Cash, Due 03/22)(8)	20,000,000	19,648,160	16,672,000
		Common Stock (20,000 shares)		2,000,000	357,000
			20,000,000	21,648,160	17,029,000
PCX Aerostructures, LLC (4%)*	Aerospace Components Manufacturer	Subordinated Note (10.5% Cash, Due 10/19)(9)	31,647,359	31,244,000	22,574,000
		Subordinated Note (6% PIK, Due 10/20)(9)	759,286	759,286	548,000
		Series A Preferred Stock (6,066 shares)		6,065,621	—
		Series B Preferred Stock (411 shares)		410,514	—
		Class A Common Stock (121,922 shares)		30,480	—
			32,406,645	38,509,901	23,122,000
Team Waste, LLC (2%)*	Environmental and Facilities Services	Subordinated Note (10% Cash, 2% PIK, Due 08/23)	5,028,180	4,930,962	4,930,962
		Preferred Units (500,000 units)		10,000,000	10,000,000
			5,028,180	14,930,962	14,930,962
Technology Crops, LLC (1%)*	Supply Chain Management Services	Subordinated Notes (12% Cash, Due 02/18)	12,294,102	12,294,102	8,617,000
		Common Units (50 units)		500,000	—
			12,294,102	12,794,102	8,617,000
TGaS Advisors, LLC (2%)*	Advisory Solutions to Pharmaceutical Companies	Senior Note (10% Cash, 1% PIK, Due 11/19)	9,522,893	9,431,015	9,431,015
		Preferred Units (1,685,357 units)		1,556,069	1,524,000
			9,522,893	10,987,084	10,955,015
Tulcan Fund IV, L.P. (0%)*	Custom Forging and Fastener Supplies	Common Units (1,000,000 units)		1,000,000	—
				1,000,000	—
United Retirement Plan Consultants, Inc. (0%)*	Retirement Plan Administrator	Series A Preferred Shares (9,400 shares)		205,748	302,000
		Common Shares (100,000 shares)		1,000,000	419,000
				1,205,748	721,000
Wythe Will Tzetzo, LLC (0%)*	Confectionery Goods Distributor	Series A Preferred Units (99,829 units)		—	2,688,000
				—	2,688,000
Subtotal Affiliate Investments			**116,885,583**	**149,099,548**	**147,101,949**
Control Investments:					
CRS-SPV, Inc. (3%)*	Fluid Reprocessing Services	Common Stock (1,100 shares)		18,428,000	20,283,000
				18,428,000	20,283,000
Frank Entertainment Group, LLC (1%)*	Movie Theatre and Family Entertainment Operator	Senior Note (6% Cash, Due 06/19)(6)	11,330,010	10,746,494	6,541,000
		Second Lien Term Note (2.5% Cash, Due 09/19)(6)	2,923,484	2,879,479	—
		Redeemable Preferred Units (2,800,000 units)		2,800,000	—
		Class B Redeemable Preferred Units (2,800,000 units)		2,800,000	—
		Class A Common Units (606,552 units)		1,000,000	—
			14,253,494	20,225,973	6,541,000
FrontStream Holdings, LLC (1%)*	Payment and Donation Management Product Service Provider	Subordinated Note (LIBOR + 6.0%, 7.3% Cash, Due 12/20) (6) (8)	14,644,622	14,023,389	7,414,000
		Common Stock (1,000 shares)		500,000	—
			14,644,622	14,523,389	7,414,000

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 2017

Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
Frontstreet Facility Solutions, Inc. (1%)*	Retail, Restaurant and Commercial Facilities Maintenance	Subordinated Note (13% Cash, Due 03/21)	$ 8,462,629	$ 8,447,172	$ 3,750,000
		Series A Convertible Preferred Stock (60,000 shares)		250,575	—
		Series B Convertible Preferred Stock (20,000 shares)		500,144	—
		Common Stock (27,890 shares)		279	—
			8,462,629	9,198,170	3,750,000
Subtotal Control Investments			**37,360,745**	**62,375,532**	**37,988,000**
Total Investments, December 31, 2017 (158%)*			**$ 1,010,535,846**	**$ 1,121,625,845**	**$ 1,016,284,346**

* 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. The fair values of all investments were determined using significant unobservable inputs.

(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 2.6% of total investments at fair value as of December 31, 2017. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets. If at any time qualifying assets do not represent at least 70% of the Company's total assets, the Company will be precluded from acquiring any additional non-qualifying asset until such time as it complies with the requirements of Section 55(a).

(5) PIK non-accrual investment

(6) Non-accrual investment

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

(8) Index-based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.

(9) Effective February 9, 2018, the Company's debt investments in PCX Aerostructures, LLC were amended to provide for cash interest at all-in rate of 6% per annum.

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments
December 31, 2016

Portfolio Company	Industry	Type of Investment[1][2][7]	Principal Amount	Cost	Fair Value[3]
Non–Control / Non–Affiliate Investments:					
ACA Holdings LLC (0%)*	Security Company	Preferred Units (2,000,000 units)		$ 2,000,000	$ 1,242,000
				2,000,000	1,242,000
Access Medical Acquisition, Inc. (3%)*	Operator of Primary Care Clinics	Subordinated Notes (10% Cash, 2% PIK, Due 01/22)	$ 13,819,514	13,593,292	13,593,292
		Class A Units (1,500,000 units)		901,026	3,618,000
			13,819,514	14,494,318	17,211,292
Aden & Anais Holdings, Inc. (0%)*	Baby Products	Common Stock (20,000 shares)		2,000,000	2,000,000
				2,000,000	2,000,000
Agilex Flavors & Fragrances, Inc. (2%)*	Custom Fragrance Producer	Subordinated Note (12% Cash, Due 11/21)	13,168,124	13,048,983	13,048,983
		Common Units (1,250 units)		1,250,000	2,227,000
			13,168,124	14,298,983	15,275,983
AGM Automotive, LLC (1%)*	Auto Industry Interior Components Supplier	Units (1,500,000 units)		630,134	4,266,000
				630,134	4,266,000
Avkem International, LLC (1%)*	Flux and Foundry Manufacturer and Supplier	Subordinated Note (10% Cash, 4% PIK, Due 12/17)	4,112,935	4,075,177	4,075,177
			4,112,935	4,075,177	4,075,177
AVL Holdings, Inc. (0%)*	Manufacturer and Distributor for Independent Artists and Authors	Common Stock (138 shares)		1,300,000	1,767,000
				1,300,000	1,767,000
Baker Hill Acquisition, LLC (2%)*	Loan Origination Software Solutions Provider	Subordinated Notes (LIBOR + 11.0%, 12% Cash, Due 03/21) [8]	13,500,000	13,334,260	12,320,000
		Limited Partnership Interest		1,498,500	721,000
			13,500,000	14,832,760	13,041,000
Cafe Enterprises, Inc. (2%)*	Restaurant	Subordinated Note (7% Cash, 7% PIK, Due 09/19)	13,882,800	13,743,461	10,331,000
		Series C Preferred Stock (10,000 shares)		1,000,000	—
			13,882,800	14,743,461	10,331,000
Capital Contractors, Inc. (0%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (5% Cash, Due 06/20)	9,843,542	9,711,658	—
		Series A Redeemable Preferred Stock (200 shares)		2,000,000	—
		Common Stock Warrants (20 shares)		492,000	—
			9,843,542	12,203,658	—
Captek Softgel International, Inc. (3%)*	Nutraceutical Manufacturer	Subordinated Note (10% Cash, 2.5% PIK, Due 06/21)	15,407,336	15,150,497	15,150,497
		Common Stock (15,000 shares)		1,500,000	1,500,000
			15,407,336	16,650,497	16,650,497
Carolina Beverage Group, LLC (0%)*	Beverage Manufacturing and Packaging	Class B Units (11,974 units)		119,735	264,000
				119,735	264,000
Centerfield Media Holding Company (4%)*	Digital Marketing	Subordinated Note (10% Cash, 3.5% PIK, Due 03/21)	18,857,978	18,567,590	19,235,000
		Common Shares (1,000 shares)		1,000,000	2,220,000
			18,857,978	19,567,590	21,455,000
Community Intervention Services, Inc. (2%)*	Provider of Behavioral Health Services	Subordinated Note (7% Cash, 6% PIK, Due 01/21) [5]	18,736,265	17,717,756	14,134,000
			18,736,265	17,717,756	14,134,000
Comverge, Inc. (3%)*	Provider of Intelligent Energy Management Solutions	Senior Note (12% Cash, Due 05/18)	15,505,583	15,406,749	15,406,749
		Preferred Stock (703 shares)		554,458	835,000
		Common Stock (1,000,000 shares)		100,000	353,000
			15,505,583	16,061,207	16,594,749
CPower Ultimate HoldCo, LLC (0%)*	Demand Response Business	Units (345,542 units)		345,542	345,542
				345,542	345,542

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 2016

Portfolio Company	Industry	Type of Investment[1][2][7]	Principal Amount	Cost	Fair Value[3]
CWS Holding Company, LLC (0%)*	Manufacturer of Custom Windows and Sliding Doors	Class A Units (1,500,000 units)		$ 1,500,000	$ 2,076,000
				1,500,000	2,076,000
Data Source Holdings, LLC (0%)*	Print Supply Chain Management Services	Common Units (47,503 units)		1,000,000	940,000
				1,000,000	940,000
Del Real, LLC (2%)*	Hispanic Refrigerated Foods Company	Subordinated Note (11% Cash, Due 04/23)	$ 14,000,000	13,727,515	13,727,515
		Class A Units (3,000,000 units)		3,000,000	3,000,000
			14,000,000	16,727,515	16,727,515
DialogDirect, Inc. (2%)*	Business Process Outsourcing Provider	Subordinated Notes (12% Cash, 1.5% PIK, Due 04/20)	16,126,541	16,020,226	11,994,000
			16,126,541	16,020,226	11,994,000
Dimora Brands, Inc. (2%)*	Hardware Designer and Distributor	Subordinated Note (LIBOR + 10.0%, 11% Cash, Due 10/23) [8]	12,500,000	12,267,514	12,267,514
			12,500,000	12,267,514	12,267,514
DLC Acquisition, LLC (6%)*	Staffing Firm	Senior Notes (LIBOR + 8.0%, 10% Cash, Due 12/20) [8]	21,312,500	21,047,577	21,047,577
		Senior Note (10% Cash, 2% PIK, Due 12/20)	16,929,763	16,735,793	16,735,793
			38,242,263	37,783,370	37,783,370
Dyno Acquiror, Inc. (1%)*	Sewing Products and Seasonal Decorative Products Supplier	Subordinated Note (12% Cash, 2% PIK, Due 11/19)	7,531,330	7,474,744	7,474,744
		Series A Units (600,000 units)		600,000	739,000
			7,531,330	8,074,744	8,213,744
Eckler's Holdings, Inc. (1%)*	Restoration Parts and Accessories for Classic Cars and Trucks	Subordinated Note (11% Cash, 4.5% PIK, Due 07/18)	9,941,563	9,882,596	8,396,000
		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	—
			9,941,563	11,847,411	8,396,000
Fresh-G Restaurant Holding, LLC (0%)*	Restaurant	Class A Units (5,000 units)		500,000	—
				500,000	—
Flowchem Holdings LLC (0%)*	Services to Crude Oil Pipeline Operators	Common Units (1,000,000 units)		782,356	2,552,000
				782,356	2,552,000
Fridababy Holdings, LLC (4%)*	Baby Products	Senior Notes (LIBOR + 9.0%, 10% Cash, Due 10/21) [8]	23,000,000	22,558,007	22,558,007
		Class B Units (4,500 units)		273,401	273,401
			23,000,000	22,831,408	22,831,408
FrontStream Holdings, LLC (2%)*	Payment and Donation Management Product Service Provider	Subordinated Note (12.5% Cash, Due 12/20)	13,375,000	13,254,632	12,643,000
		Series C-2 Preferred Shares (500 shares)		500,000	435,000
			13,375,000	13,754,632	13,078,000
Frontstreet Facility Solutions, Inc. (1%)*	Retail, Restaurant and Commercial Facilities Maintenance	Subordinated Note (11% Cash, 2% PIK, Due 07/18)	8,462,629	8,418,332	6,771,000
		Series A Convertible Preferred Stock (2,500 shares)		250,000	—
		Series B Convertible Preferred Stock (5,556 shares)		500,000	—
			8,462,629	9,168,332	6,771,000
Frozen Specialties, Inc. (2%)*	Frozen Foods Manufacturer	Subordinated Note (10% Cash, 4% PIK, Due 12/17)	13,675,353	13,675,353	13,675,353
			13,675,353	13,675,353	13,675,353
GST AutoLeather, Inc. (4%)*	Supplier of Automotive Interior Leather	Subordinated Note (11% Cash, 2% PIK, Due 01/21)	23,131,473	22,812,032	22,812,032
			23,131,473	22,812,032	22,812,032
Halo Branded Solutions, Inc. (2%)*	Supply Chain Services	Subordinated Notes (11% Cash, 1% PIK, Due 10/22)	10,410,398	10,190,992	10,190,992
		Class A1 Units (2,600 units)		2,600,000	3,308,000
			10,410,398	12,790,992	13,498,992
HKW Capital Partners IV, L.P. (0%)*[4]	Multi-Sector Holdings	0.6% Limited Partnership Interest		835,283	1,231,000
				835,283	1,231,000

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 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)	$ 26,131,706	$ 25,854,767	$ 25,854,767
			26,131,706	25,854,767	25,854,767
ICP Industrial, Inc. (4%)*	Coatings Formulator and Manufacturer	Second Lien Term Note (LIBOR + 8.5%, 9.5% Cash, Due 04/22)(8)	7,500,000	7,435,556	7,435,556
		Subordinated Notes (10% Cash, 1% PIK, Due 10/22)	8,088,123	7,946,278	7,946,278
		Subordinated Notes (14% PIK, Due 10/22)	5,743,159	5,688,352	5,688,352
		Class A Units (1,289 units)		1,751,483	1,929,000
			21,331,282	22,821,669	22,999,186
Inland Pipe Rehabilitation Holding Company LLC (0%)*	Cleaning and Repair Services	Membership Interest Purchase Warrant (3%)		853,500	1,527,000
				853,500	1,527,000
IPS Structural Adhesives Holdings, Inc. (2%)*	Specialty Adhesives and Plumbing Products Manufacturer	Second Lien Term Note (LIBOR + 9.5%, 10.5% Cash, Due 12/24)(8)	15,000,000	14,700,000	14,700,000
			15,000,000	14,700,000	14,700,000
KidKraft, Inc. (4%)*	Children's Toy Manufacturer and Distributor	Second Lien Term Note (11% Cash, 1% PIK, Due 03/22)	27,668,623	27,135,218	27,135,218
			27,668,623	27,135,218	27,135,218
K-Square Restaurant Partners, LP (1%)*	Restaurant	Class A Units of Limited Partnership (2,000 units)		638,260	3,830,000
				638,260	3,830,000
Lakeview Health Holdings, Inc. (3%)*	Substance Abuse Treatment Service Provider	Senior Note (LIBOR + 6.75%, 7.8% Cash, Due 12/21) (8)	18,612,633	18,412,633	18,412,633
		Common Stock (2,000 shares)		2,000,000	2,000,000
			18,612,633	20,412,633	20,412,633
Media Storm, LLC (1%)*	Marketing Services	Subordinated Note (10% Cash, Due 08/19)	6,545,455	6,533,934	5,055,000
		Membership Units (1,216,204 units)		1,176,957	260,000
			6,545,455	7,710,891	5,315,000
MIC Holding LLC (2%)*	Firearm Accessories Manufacturer and Distributor	Preferred Units (1,470 units)		1,470,000	3,012,000
		Common Units (30,000 units)		30,000	8,837,000
				1,500,000	11,849,000
Micross Solutions LLC (4%)*	Provider of Semiconductor Products and Services	Subordinated Note (12% Cash, 3% PIK, Due 06/18)	24,435,074	24,342,230	24,342,230
		Class A-2 Common Units (1,979,524 units)		2,019,693	1,875,000
			24,435,074	26,361,923	26,217,230
Motor Vehicle Software Corporation (3%)*	Provider of EVR Services	Subordinated Note (10% Cash, 0.5% PIK, Due 03/21)	20,245,100	19,917,945	19,917,945
		Class A Units (1,000,000 units)		1,076,210	1,372,000
			20,245,100	20,994,155	21,289,945
Nautic Partners VII, LP (0%)*(4)	Multi-Sector Holdings	0.4% Limited Partnership Interest		1,093,312	1,520,000
				1,093,312	1,520,000
Nomacorc, LLC (3%)*	Synthetic Wine Cork Producer	Subordinated Note (10% Cash, 2.3% PIK, Due 07/21)	20,875,890	20,572,926	16,597,000
		Limited Partnership Interest		2,150,637	—
			20,875,890	22,723,563	16,597,000
Orchid Underwriters Agency, LLC (4%)*	Insurance Underwriter	Term B Note (10% Cash, Due 11/19)	21,409,670	21,125,036	21,125,036
		Class A Preferred Units (15,000 units)		1,500,000	1,972,000
		Class A Common Units (15,000 units)		—	1,624,000
			21,409,670	22,625,036	24,721,036
PowerDirect Marketing, LLC (0%)*	Marketing Services	Senior Note (13% Cash, 2% PIK, Due 06/17)(6)	8,573,531	5,077,482	850,000
		Common Unit Purchase Warrants		590,200	—
			8,573,531	5,667,682	850,000
ProAmpac PG Borrower LLC (2%)*	Manufacturer of Flexible Packaging Products	Second Lien Term Note (LIBOR + 8.5%, 9.5% Cash, Due 11/24)(8)	15,000,000	14,775,000	14,775,000
			15,000,000	14,775,000	14,775,000

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 2016

Portfolio Company	Industry	Type of Investment(1)(2)(7)	Principal Amount	Cost	Fair Value(3)
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)	$ 6,904,210	6,792,686	6,792,686
		Series A Preferred Units (39 units)		3,654,253	1,671,000
			6,904,210	10,446,939	8,463,686
SCA Pharmaceuticals, LLC (0%)*	Provider of Pharmaceutical Products	Subordinated Note (LIBOR + 9.0%, 10% Cash, Due 12/20) (8)	3,000,000	2,700,000	2,700,000
			3,000,000	2,700,000	2,700,000
SCUF Gaming, Inc. (4%)*	Gaming Controller Manufacturer	Senior Notes (LIBOR + 8.5%, 9.5% Cash, Due 12/21) (8)	25,008,000	24,507,840	24,507,840
		Common Stock (27,112 shares)		742,000	742,000
			25,008,000	25,249,840	25,249,840
Smile Brands, Inc. (4%)*	Dental Service Organization	Subordinated Notes (10% Cash, 2% PIK, Due 02/23)	22,341,283	21,910,129	21,910,129
		Class A Units (3,000 units)		3,000,000	3,000,000
			22,341,283	24,910,129	24,910,129
SPC Partners V, LP (0%)*(4)	Multi-Sector Holdings	0.7% Limited Partnership Interest		1,922,865	2,019,000
				1,922,865	2,019,000
Specialized Desanders, Inc. (2%)*(4)	Sand and Particulate Removal Equipment Provider for Oil and Gas Companies	Subordinated Note (12% Cash, 2% PIK, Due 03/20)	16,110,042	15,966,524	12,524,143
		Class C Partnership Units (2,000,000 units)		1,937,421	2,813,000
			16,110,042	17,903,945	15,337,143
Tate's Bake Shop (2%)*	Producer of Baked Goods	Subordinated Note (10% Cash, 3% PIK, Due 02/20)	10,737,451	10,606,430	10,606,430
		Limited Partnership Interest		925,000	1,310,000
			10,737,451	11,531,430	11,916,430
TCFI Merlin LLC (2%)*	Specialty Staffing Service Provider	Senior Notes (10% Cash, 1% PIK, Due 09/19)	13,396,027	13,212,935	13,212,935
		Limited Partnership Units (500,500 units)		500,000	578,000
			13,396,027	13,712,935	13,790,935
The Cook & Boardman Group, LLC (3%)*	Distributor of Doors and Related Products	Subordinated Note (10% Cash, 2.5% PIK, Due 03/20)	14,840,320	14,656,890	14,656,890
		Class A Units (1,400,000 units)		1,400,000	2,663,000
			14,840,320	16,056,890	17,319,890
Trademark Global LLC (3%)*	Supplier to Mass Market Internet Retail	Subordinated Note (10% Cash, 1.3% PIK, Due 04/23)	14,800,000	14,584,165	14,584,165
		Class A Units (1,500,000 units)		1,500,000	1,500,000
		Class B Units (1,500,000 units)		—	—
			14,800,000	16,084,165	16,084,165
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)	10,126,055	9,919,675	9,919,675
		Second Lien Term Note - TP (11% Cash, 2% PIK, Due 11/22) (4)	8,970,540	8,784,798	8,562,599
		Common Units - Travelpro (2,000,000 units)		2,000,000	2,077,000
			19,096,595	20,704,473	20,559,274
United Biologics, LLC (2%)*	Allergy Immunotherapy	Senior Note (12% Cash, 2% PIK, Due 04/18)	12,758,807	12,686,184	12,686,184
		Class A-1 Common Units (18,818 units)		137,324	137,000
		Class A Common Units (177,935 units)		1,999,989	1,767,000
		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	361,000
			12,758,807	15,661,614	14,951,184
Vantage Mobility International, LLC (5%)*	Wheelchair Accessible Vehicle Manufacturer	Subordinated Notes (10.2% Cash, Due 09/21)(8)	29,350,000	28,785,893	28,785,893
		Class A Units (1,750,000 units)		1,750,000	1,750,000
			29,350,000	30,535,893	30,535,893

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 2016

Portfolio Company	Industry	Type of Investment[1][2][7]	Principal Amount	Cost	Fair Value[3]
Water Pik, Inc. (5%)*	Oral Health and Shower Head Supplier	Second Lien Term Loan (LIBOR + 8.75%, 9.8% Cash, Due 01/21)[8]	$ 31,150,970	$ 30,769,847	$ 30,769,847
			31,150,970	30,769,847	30,769,847
Wheel Pros Holdings, Inc. (3%)*	Wheel/Rim and Performance Tire Distributor	Subordinated Note (LIBOR + 7.0%, 11% Cash, Due 06/20) [8]	13,822,500	13,605,040	13,605,040
		Class A Units (2,000 units)		1,954,144	1,954,000
			13,822,500	15,559,184	15,559,040
Women's Marketing, Inc. (2%)*	Full-Service Media Organization	Subordinated Note (11% Cash, 1.5% PIK, Due 06/21)[6]	16,868,045	16,141,439	11,093,000
		Class A Common Units (16,300 units)		1,630,000	—
			16,868,045	17,771,439	11,093,000
WSO Holdings, LP (1%)*	Organic/Fair Trade Sugar, Syrup, Nectar and Honey Producer	Common Points (3,000 points)		3,000,000	3,576,000
				3,000,000	3,576,000
YummyEarth Inc. (3%)*	Organic Candy Manufacturer	Senior Notes (LIBOR + 8.5%, 9.5% Cash, Due 08/20) [8]	22,000,000	21,565,471	19,564,000
		Limited Partnership Interest		3,496,500	—
			22,000,000	25,061,971	19,564,000
Subtotal Non–Control / Non–Affiliate Investments			**825,243,841**	**888,974,154**	**857,604,639**
Affiliate Investments:					
All Metals Holding, LLC (1%)*	Steel Processor and Distributor	Subordinated Note (12% Cash, 1% PIK, Due 12/21)	6,433,333	6,249,220	6,249,220
		Units (318,977 units)		793,331	754,000
			6,433,333	7,042,551	7,003,220
CIS Secure Computing Inc. (2%)*	Secure Communications and Computing Solutions Provider	Subordinated Note (12% Cash, 3% PIK, Due 03/18)	11,670,708	11,670,708	11,670,708
		Common Stock (84 shares)		502,320	2,155,000
			11,670,708	12,173,028	13,825,708
Consolidated Lumber Company LLC (1%)*	Lumber Yard Operator	Subordinated Note (10% Cash, 2% PIK, Due 09/20)	4,193,848	4,121,389	4,278,000
		Class A Units (15,000 units)		1,500,000	2,481,000
			4,193,848	5,621,389	6,759,000
DPII Holdings, LLC (0%)*	Satellite Communication Business	Tranche I & II Subordinated Notes (12% Cash, 4% PIK, Due 01/18)[6]	3,744,709	3,227,001	2,356,001
		Tranche III Subordinated Note (19% PIK, Due 01/18)[6]	2,408,752	2,148,462	—
		Class A Membership Interest (17,308 units)		1,107,692	—
			6,153,461	6,483,155	2,356,001
FCL Holding SPV, LLC (0%)*	Commercial Printing Services	Class A Interest (24,873 units)		292,000	645,000
		Class B Interest (48,427 units)		—	101,000
		Class C Interest (3,746 units)		—	—
				292,000	746,000
Frank Entertainment Group, LLC (3%)*	Movie Theatre and Family Entertainment Operator	Senior Note (LIBOR + 7%, 10% Cash, 5.8% PIK, Due 06/18) [8]	9,997,644	9,940,684	9,940,684
		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	—
			9,997,644	16,540,684	16,768,398
MS Bakery Holdings, Inc. (1%)*	Baked Goods Provider	Preferred Units (233 units)		211,867	397,000
		Common B Units (3,000 units)		23,140	2,110,000
		Common A Units (1,652 units)		14,993	1,162,000
				250,000	3,669,000

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments — (Continued)
December 31, 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)	$ 23,105,315	$ 22,751,190	$ 22,751,190
		Jr. Subordinated Note (10% PIK, Due 02/20)	4,705,830	4,595,921	4,595,921
		Jr. Subordinated Bridge Note (20% PIK, Due 05/21)	2,002,586	1,972,727	1,972,727
		Series A Redeemable Senior Preferred Stock (7,839 shares)		7,621,648	9,412,000
		Common Stock (1,668,691 shares)		333,738	9,779,000
			29,813,731	37,275,224	48,510,838
PCX Aerostructures, LLC (4%)*	Aerospace Component Manufacturer	Subordinated Note (10.5% Cash, Due 10/19)	29,647,359	29,148,152	21,960,000
		Series A Preferred Stock (6,066 shares)		6,065,621	—
		Series B Preferred Stock (411 shares)		410,514	—
		Class A Common Stock (121,922 shares)		30,480	—
			29,647,359	35,654,767	21,960,000
Team Waste, LLC (1%)*	Environmental and Facilities Services	Preferred Units (455,000 units)		9,100,000	9,100,000
				9,100,000	9,100,000
Technology Crops, LLC (2%)*	Supply Chain Management Services	Subordinated Notes (12% Cash, 5% PIK, Due 09/17)	11,837,622	11,837,622	11,837,622
		Common Units (50 units)		500,000	—
			11,837,622	12,337,622	11,837,622
TGaS Advisors, LLC (2%)*	Advisory Solutions to Pharmaceutical Companies	Senior Note (10% Cash, 1% PIK, Due 11/19)	9,674,276	9,521,986	9,521,986
		Preferred Units (1,685,357 units)		1,556,069	1,270,000
			9,674,276	11,078,055	10,791,986
Tulcan Fund IV, L.P. (0%)*	Custom Forging and Fastener Supplies	Common Units (1,000,000 units)		1,000,000	—
				1,000,000	—
United Retirement Plan Consultants, Inc. (0%)*	Retirement Plan Administrator	Series A Preferred Shares (9,400 shares)		205,748	257,000
		Common Shares (100,000 shares)		1,000,000	301,000
				1,205,748	558,000
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	817,000
		Common Unit Purchase Warrant (1,170,083 units)		748,900	—
		Common Units (153,219 units)		180,783	—
				6,485,001	817,000
Wythe Will Tzetzo, LLC (1%)*	Confectionery Goods Distributor	Series A Preferred Units (99,829 units)		—	6,808,000
				—	6,808,000
Subtotal Affiliate Investments			**119,421,982**	**162,539,224**	**161,510,773**
Control Investments:					
CRS Reprocessing, LLC (1%)*	Fluid Reprocessing Services	Senior Notes (LIBOR + 3.5%, 4.3% Cash, Due 06/17) (8)	2,942,769	2,942,769	2,942,769
		Split Collateral Term Loans (8% Cash, Due 06/17)	11,192,464	11,192,464	6,182,000
		Series F Preferred Units (705,321 units)		9,134,807	—
		Common Units (15,174 units)		—	—
			14,135,233	23,270,040	9,124,769
DCWV Acquisition Corporation (0%)*	Arts & Crafts and Home Decor Products Designer and Supplier	Senior Subordinated Note (15% PIK, Due 12/19)(6)	291,875	250,000	250,000
		Subordinated Note (12% Cash, 3% PIK, Due 12/19)(6)	8,090,699	6,178,633	1,389,000
		Jr. Subordinated Note (15% PIK, Due 12/19)(6)	2,440,829	2,000,000	—
		Series A Preferred Equity (1,200 shares)		1,200,000	—
		100% Common Shares		—	—
			10,823,403	9,628,633	1,639,000

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 01/17)(6)	$ 648,527	$ 375,000	$ —
		Subordinated Note (8.5% Cash, Due 01/17)(6)	4,900,843	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	—
			5,549,370	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
Subtotal Control Investments			**30,508,006**	**45,418,113**	**18,791,769**
Total Investments, December 31, 2016 (170%)*			**$ 975,173,829**	**$ 1,096,931,491**	**$ 1,037,907,181**

* 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. The fair values of all investments were determined using significant unobservable inputs.
(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 2.5% of total investments at fair value as of December 31, 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.
(8) Index-based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.

See accompanying notes.

1. Organization, Business, Basis of Presentation and Summary of Significant Accounting Policies

Organization and Business

Triangle Capital Corporation was incorporated on October 10, 2006 for the purposes of acquiring 100% of the equity interest in Triangle Mezzanine Fund LLLP (“Triangle SBIC”) and its general partner, Triangle Mezzanine LLC, raising capital in an initial public offering, which was completed in February 2007 (the “IPO”) and thereafter operating as an internally managed Business Development Company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). On December 15, 2009, Triangle Mezzanine Fund II, LP (“Triangle SBIC II”) was organized as a limited partnership under the laws of the State of Delaware. On March, 26, 2012, Triangle Mezzanine Fund III, LP (“Triangle SBIC III”) was organized as a limited partnership under the laws of the State of Delaware. Unless otherwise noted, the terms “its” or “the Company” refer to Triangle SBIC prior to the IPO and to Triangle Capital Corporation and its subsidiaries, including Triangle SBIC, Triangle SBIC II and Triangle SBIC III, after the IPO.

Triangle SBIC, Triangle SBIC II and Triangle SBIC III 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 and on January 6, 2017, Triangle SBIC III obtained its license to operate as an SBIC. As SBICs, Triangle SBIC, Triangle SBIC II and Triangle SBIC III are subject to a variety of regulations concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments.

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

Basis of Presentation

The financial statements of the Company include the accounts of Triangle Capital Corporation and its wholly-owned subsidiaries, including Triangle SBIC, Triangle SBIC II and Triangle SBIC III. 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, with any adjustments to fair value recognized as “Net unrealized appreciation (depreciation)” on the Consolidated Statements of Operations.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). All financial data and information included in these financial statements have been presented on the basis described above.

Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Accounting Standards Codification ("ASC") Topic 606) ("ASU 2014-09"). ASU 2014-09 supersedes the revenue recognition requirements under ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the ASC. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. The new guidance will be effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. The Company completed its initial assessment in evaluating the potential impact on its consolidated financial statements and based on its initial assessment, determined that its financial contracts are excluded from the scope of ASU 2014-09. As a result of the scope exception for financial contracts, the Company's management has determined that there will be no material changes to the recognition timing and classification of revenues and expenses; additionally, the Company's management does not expect the adoption of ASU 2014-09 to have a significant impact on its consolidated financial statement disclosures upon adoption.

Reclassifications

Certain reclassifications have been made in the financial highlights for the years ended December 31, 2014 and December 31, 2013 in order to conform to current presentation. The Company had historically presented the ratio of total expenses to average net assets exclusive of loss on extinguishment of debt. Beginning in 2015, this ratio is presented including loss on extinguishment of debt.

Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Valuation of Investments

The Company has a valuation policy, as well as 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”). The Company's valuation policy and processes were established by management of the Company with the assistance of certain third-party advisors and were approved by the Board. Under ASC Topic 820, there are three levels of valuation inputs, 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 primarily 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 generally not available. Therefore, the Company determines the fair value of its investments in good faith primarily using Level 3 inputs. In certain cases, quoted prices or other observable inputs may exist, and if so, the Company assesses the appropriateness of the use of these third-party quotes in determining fair value based on (i) its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer and (ii) the depth and consistency of broker quotes and the correlation of changes in broker quotes with the underlying performance of the portfolio company.

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. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized as Level 3 investments within the tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3).

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 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%
December 31, 2016	20	33%
March 31, 2017	18	30%
June 30, 2017	20	29%
September 30, 2017	22	25%
December 31, 2017	21	35%

(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 Board 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 model assumes that any outstanding debt or other securities that are senior to the Company's equity securities are required to be repaid at par. Additionally, the Company estimates the fair value of a limited number of its debt securities using the Enterprise Value Waterfall approach in cases where the Company does not expect to receive full repayment.

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

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

Fair value measurements using the Enterprise Value Waterfall model can be sensitive to 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 significant debt and equity securities at December 31, 2017 and 2016 are summarized as follows:

December 31, 2017:	Fair Value[(1)]	Valuation Model	Level 3 Input	Range of Inputs	Weighted Average
Subordinated debt and 2nd lien notes	$ 570,133,358	Income Approach	Required Rate of Return	8.9% – 15.1%	11.7%
			Leverage Ratio	0.0x – 7.1x	4.6x
			Adjusted EBITDA	$1.0 million – $1.0 billion	$44.1 million
Subordinated debt and 2nd lien notes	12,981,000	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	5.5x – 7.6x	6.6x
			Adjusted EBITDA	$1.7 million – $6.6 million	$4.3 million
			Revenue Multiple	0.8x – 0.8x	0.8x
			Revenues	$76.6 million – $76.6 million	$76.6 million
Senior debt and 1st lien notes	249,780,755	Income Approach	Required Rate of Return	6.8% – 25.0%	10.8%
			Leverage Ratio	0.6x – 8.5x	4.4x
			Adjusted EBITDA	$2.9 million – $142.4 million	$16.2 million
Equity shares and warrants	163,666,691	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	3.3x – 14.9x	7.8x
			Adjusted EBITDA	$1.0 million – $60.0 million	$15.6 million
			Revenue Multiple	0.8x – 3.0x	1.3x
			Revenues	$17.0 million – 76.6 million	$53.7 million

(1) One subordinated debt investment with a fair value of $6,434,000, one senior debt investment with a fair value of $13,022,542 and one equity security with a fair value of $266,000 were repaid or redeemed subsequent to the end of the reporting period and were valued at their transaction price.

December 31, 2016:	Fair Value[(1)]	Valuation Model	Level 3 Input	Range of Inputs	Weighted Average
Subordinated debt and 2nd lien notes	$ 646,856,367	Income Approach	Required Rate of Return	9.5% – 35.0%	13.8%
			Leverage Ratio	0.1x – 9.5x	4.8x
			Adjusted EBITDA	$2.6 million – $169.8 million	$27.9 million
Subordinated debt and 2nd lien notes	19,790,000	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	5.0x – 6.7x	5.8x
			Adjusted EBITDA	$0.6 million – $4.9 million	$2.1 million
			Revenue Multiple	0.8x – 0.8x	0.8x
			Revenues	$98.0 million – $98.0 million	$98.0 million
Senior debt and 1st lien notes	190,793,157	Income Approach	Required Rate of Return	4.3% – 20.0%	11.0%
			Leverage Ratio	0.0x – 8.3x	3.2x
			Adjusted EBITDA	$4.0 million – $14.1 million	$9.3 million
Equity shares and warrants	152,435,657	Enterprise Value Waterfall Approach	Adjusted EBITDA Multiple	3.3x – 14.9x	7.4x
			Adjusted EBITDA	($1.4 million) – $82.1 million	$15.0 million
			Revenue Multiple	0.8x – 4.0x	1.4x
			Revenues	$19.0 million – $98.0 million	$61.7 million

(1) Certain subordinated debt investments with a total fair value of $23,513,000 and certain equity securities with a total fair value of $3,669,000 were repaid or redeemed subsequent to the end of the reporting period and were valued at their transaction price. One senior debt investment with a total fair value of $850,000 is expected to be repaid subsequent to the end of the reporting period and was valued at its expected settlement value.

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.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

Deferred Financing Fees

Costs incurred to issue long-term debt are capitalized and are amortized over the term of the debt agreements using the effective interest method.

Depreciation

Furniture, fixtures and equipment are depreciated on a straight-line basis over an estimated useful life of five years. Software and computer equipment are depreciated on a straight-line basis over an estimated useful life of three years.

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 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 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 dividend income of approximately $2.3 million during the year ended December 31, 2016, consisting of dividend income of approximately $3.6 million and a negative true-up adjustment of $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 2016 indicating that only 14% of the distribution was dividend income and the remainder was a return of capital, which necessitated the adjustment.

Payment-in-Kind Interest

The Company currently holds, and expects to hold in the future, some loans in its portfolio that contain a payment-in-kind (“PIK”) interest 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 stockholders to maintain its tax treatment 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.

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 years ended December 31, 2017, 2016 and 2015 was as follows:

	Years Ended December 31		
	2017	**2016**	**2015**
Recurring Fee Income:			
Amortization of loan origination fees	$ 2,445,485	$ 2,161,711	$ 2,061,004
Management, valuation and other fees	940,361	1,024,213	895,677
Total Recurring Fee Income	3,385,846	3,185,924	2,956,681
Non-Recurring Fee Income:			
Prepayment fees	2,688,814	1,903,251	4,344,705
Acceleration of unamortized loan origination fees	4,202,078	2,406,688	4,104,485
Advisory and structuring fees	230,000	200,000	578,162
Loan amendment fees	132,278	277,396	469,357
Other fees	9,000	412,606	391,538
Total Non-Recurring Fee Income	7,262,170	5,199,941	9,888,247
Total Fee Income	**$ 10,648,016**	**$ 8,385,865**	**$ 12,844,928**

Compensation Expenses

Compensation expenses include salaries, discretionary compensation, equity-based compensation and benefits.

General and Administrative Expenses

General and administrative expenses include administrative costs, facilities costs, insurance, legal and accounting expenses and other costs related to operating as a publicly-traded company.

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 tax treatment 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 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 income for income tax purposes must consist of qualifying 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 qualifying 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 tax treatment and resultant tax advantages. The Taxable Subsidiaries are not consolidated for income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies. This income tax expense is reflected in the Company’s Consolidated Statements of Operations.

Segments

The Company lends to and invests in customers in various industries. The Company separately evaluates the performance of each of its lending and investment relationships. However, because each of these loan and investment relationships has similar business and economic characteristics, they have been aggregated into a single lending and investment segment. All applicable segment disclosures are included in or can be derived from the Company’s financial statements.

Concentration of Credit Risk

The Company’s investments are generally in lower middle market companies in a variety of industries. As of both December 31, 2017 and 2016, there were no individual investments representing greater than 10% of the fair value of the Company’s portfolio. As of December 31, 2017 and December 31, 2016, the Company’s largest single portfolio company investment represented approximately 5.6% and 4.7%, 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 have limited operating histories and financial resources, (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 December 31, 2017, $823.9 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 $399.2 million were subject to superior claim over the Company's stockholders 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.

Public Offerings of Common Stock and Debt Securities

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.

On July 26, 2016, the Company filed a prospectus supplement pursuant to which 6,250,000 shares of common stock were offered for sale at a price to the public of $19.90 per share. In addition, the underwriters involved were granted an overallotment option to purchase an additional 937,500 shares of our common stock at the same public offering price. Pursuant to this offering, 6,742,362 shares (including 492,362 shares of the overallotment option shares) were sold and delivered resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately $129.1 million.

On February 28, 2017, the Company filed a prospectus supplement pursuant to which 7,000,000 shares of common stock were offered for sale at a price to the public of $19.50 per share. Pursuant to this offering, 7,000,000 shares were sold and delivered resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately $132.0 million.

Investments Denominated in Foreign Currency

As of both December 31, 2017 and 2016, the Company held investments in two portfolio companies 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 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.

Dividends and Distributions

Dividends and distributions to common stockholders are approved by the Board and the dividend payable is recorded on the ex-dividend date.

The Company has adopted a dividend reinvestment plan (“DRIP”) that provides for reinvestment of dividends on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, when the Company declares a dividend, stockholders who have not opted out of the DRIP will have their dividends automatically reinvested in shares of the Company’s common stock, rather than receiving cash dividends.

The table below summarizes the Company's dividends and distributions in the three years ended December 31, 2017:

Declared	Record	Payable	Per Share Amount	Amount Paid in Cash	Amount Settled via Newly Issued Shares	Total
February 25, 2015	March 11, 2015	March 25, 2015	$ 0.54	$ 17,163,000	$ 760,000	$ 17,923,000
February 25, 2015	March 11, 2015	March 25, 2015	0.05	1,589,000	70,000	1,659,000
May 27, 2015	June 10, 2015	June 24, 2015	0.54	17,156,000	792,000	17,948,000
May 27, 2015	June 10, 2015	June 24, 2015	0.05	1,588,000	73,000	1,661,000
August 26, 2015	September 9, 2015	September 23, 2015	0.54	17,067,000	898,000	17,965,000
August 26, 2015	September 9, 2015	September 23, 2015	0.05	1,580,000	83,000	1,663,000
November 25, 2015	December 9, 2015	December 23, 2015	0.54	17,033,000	961,000	17,994,000
November 25, 2015	December 9, 2015	December 23, 2015	0.05	1,577,000	89,000	1,666,000
Total 2015 dividends and distributions			**$ 2.36**	**$ 74,753,000**	**$ 3,726,000**	**$ 78,479,000**
February 24, 2016	March 9, 2016	March 23, 2016	$ 0.54	$ 17,264,000	$ 844,000	$ 18,108,000
May 4, 2016	June 8, 2016	June 22, 2016	0.45	14,369,000	746,000	15,115,000
August 24, 2016	September 7, 2016	September 21, 2016	0.45	17,430,000	736,000	18,166,000
November 23, 2016	December 7, 2016	December 21, 2016	0.45	17,413,000	750,000	18,163,000
Total 2016 dividends and distributions			**$ 1.89**	**$ 66,476,000**	**$ 3,076,000**	**$ 69,552,000**
February 22, 2017	March 8, 2017	March 22, 2017	$ 0.45	$ 20,688,000	$ 750,000	$ 21,438,000
May 3, 2017	June 7, 2017	June 21, 2017	0.45	20,575,000	888,000	21,463,000
August 2, 2017	September 6, 2017	September 20, 2017	0.45	21,484,000	—	21,484,000
November 1, 2017	December 6, 2017	December 20, 2017	0.30	14,322,000	—	14,322,000
Total 2017 dividends and distributions			**$ 1.65**	**$ 77,069,000**	**$ 1,638,000**	**$ 78,707,000**

Per Share Amounts

Per share amounts included in the Consolidated Statements of Operations are computed by dividing net investment income and net increase in net assets resulting from operations by the weighted average number of shares of common stock outstanding for the period. As the Company has no common stock equivalents outstanding, diluted per share amounts are the same as basic per share amounts. Net asset value per share is computed by dividing total net assets by the number of common shares outstanding as of the end of the period.

2. Investments

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
December 31, 2017:				
Subordinated debt and 2nd lien notes	$ 710,543,854	63%	$ 589,548,358	58%
Senior debt and 1st lien notes	275,088,787	25	262,803,297	26
Equity shares	134,301,587	12	162,543,691	16
Equity warrants	1,691,617	—	1,389,000	—
	$ 1,121,625,845	100%	$ 1,016,284,346	100%
December 31, 2016:				
Subordinated debt and 2nd lien notes	$ 753,635,857	69%	$ 690,159,367	67%
Senior debt and 1st lien notes	198,616,110	18	191,643,157	18
Equity shares	140,524,807	13	154,216,657	15
Equity warrants	4,154,717	—	1,888,000	—
	$ 1,096,931,491	100%	$ 1,037,907,181	100%

During the year ended December 31, 2017, the Company made twenty-nine new investments, including recapitalizations of existing portfolio companies, totaling approximately $408.9 million, additional debt investments in eighteen existing portfolio companies of approximately $70.4 million and additional equity investments in eleven existing portfolio companies totaling approximately $4.4 million. During the year ended December 31, 2016, the Company made sixteen new investments, including recapitalizations of existing portfolio companies, totaling approximately $274.1 million, additional debt investments in eleven existing portfolio companies of approximately $37.8 million and additional equity investments in ten existing portfolio companies totaling approximately $7.5 million. During the year ended December 31, 2015, the Company made twenty-three new investments, including recapitalizations of existing portfolio companies, totaling approximately $361.2 million, additional debt investments in ten existing portfolio companies of approximately $84.2 million and additional equity investments in eleven existing portfolio companies totaling approximately $8.6 million.

The following table presents the Company's investment portfolio at fair value as of December 31, 2017 and 2016, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value at December 31, 2017			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2nd lien notes	$ —	$ —	$ 589,548,358	$ 589,548,358
Senior debt and 1st lien notes	—	—	262,803,297	262,803,297
Equity shares	—	—	162,543,691	162,543,691
Equity warrants	—	—	1,389,000	1,389,000
	$ —	$ —	$ 1,016,284,346	$ 1,016,284,346

	Fair Value at December 31, 2016			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2nd lien notes	$ —	$ —	$ 690,159,367	$ 690,159,367
Senior debt and 1st lien notes	—	—	191,643,157	191,643,157
Equity shares	—	—	154,216,657	154,216,657
Equity warrants	—	—	1,888,000	1,888,000
	$ —	$ —	$ 1,037,907,181	$ 1,037,907,181

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 years ended December 31, 2017 and 2016:

Year Ended December 31, 2017:	Subordinated Debt and 2nd Lien Notes	Senior Debt and 1st Lien Notes	Equity Shares	Equity Warrants	Total
Fair value, beginning of period	$ 690,159,367	$ 191,643,157	$ 154,216,657	$ 1,888,000	$ 1,037,907,181
New investments	262,333,868	205,493,670	15,915,860	—	483,743,398
Investment reclass	33,614,656	(42,014,656)	8,400,000	—	—
Proceeds from sales of investments	—	—	(29,065,946)	(550,863)	(29,616,809)
Loan origination fees received	(4,355,181)	(2,938,834)	—	—	(7,294,015)
Principal repayments received	(302,112,732)	(71,949,131)	—	—	(374,061,863)
PIK interest earned	9,916,389	1,001,142	—	—	10,917,531
PIK interest payments received	(12,431,539)	(507,979)	—	—	(12,939,518)
Accretion of loan discounts	419,114	57,778	—	—	476,892
Accretion of deferred loan origination revenue	4,846,747	1,490,694	—	—	6,337,441
Realized loss	(35,323,325)	(14,160,007)	(1,473,134)	(1,912,237)	(52,868,703)
Unrealized appreciation (depreciation)	(57,519,006)	(5,312,537)	14,550,254	1,964,100	(46,317,189)
Fair value, end of period	$ 589,548,358	$ 262,803,297	$ 162,543,691	$ 1,389,000	$ 1,016,284,346

Year Ended December 31, 2016:	**Subordinated Debt and 2nd Lien Notes**	**Senior Debt and 1st Lien Notes**	**Equity Shares**	**Equity Warrants**	**Total**
Fair value, beginning of period	$ 699,125,083	$ 132,929,264	$ 141,555,369	$ 3,667,000	$ 977,276,716
New investments	220,825,664	71,620,633	26,370,669	650,000	319,466,966
Investment reclass	4,020,247	(4,020,247)	—	—	—
Proceeds from sales of investments	—	—	(28,340,004)	(5,742,355)	(34,082,359)
Loan origination fees received	(4,613,831)	(1,200,160)	—	—	(5,813,991)
Principal repayments received	(194,883,407)	(7,727,099)	—	—	(202,610,506)
PIK interest earned	13,784,921	1,449,498	—	—	15,234,419
PIK interest payments received	(9,326,564)	(236,150)	—	—	(9,562,714)
Accretion of loan discounts	193,801	203,303	—	—	397,104
Accretion of deferred loan origination revenue	4,012,181	556,218	—	—	4,568,399
Realized gain (loss)	(14,752,679)	(1,560,322)	15,029,594	3,268,455	1,985,048
Unrealized appreciation (depreciation)	(28,226,049)	(371,781)	(398,971)	44,900	(28,951,901)
Fair value, end of period	$ 690,159,367	$ 191,643,157	$ 154,216,657	$ 1,888,000	$ 1,037,907,181

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 Consolidated Statements of Operations. Pre-tax net unrealized depreciation on investments of $93.0 million during the year ended December 31, 2017 were related to portfolio company investments that were still held by the Company as of December 31, 2017. Pre-tax net unrealized depreciation on investments of $31.0 million during the year ended December 31, 2016 were related to portfolio company investments that were still held by the Company as of December 31, 2016.

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 year ended December 31, 2017, the Company made investments of approximately $471.1 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the year ended December 31, 2017, the Company made investments of $12.7 million in companies to which it was previously committed to provide the financial support. During the year ended December 31, 2016, the Company made investments of approximately $310.2 million in portfolio companies to which it was not previously contractually committed to provide the financial support. During the year ended December 31, 2016, the Company made investments of $9.2 million in companies to which it was previously committed to provide the financial support. The details of the Company's investments have been disclosed on the Consolidated Schedule of Investments.

3. Schedule of Investments in and Advances to Affiliates

The following schedules present information about investments in and advances to affiliates for the year ended December 31, 2017 and year ended December 31, 2016:

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Control Investments:								
CRS Reprocessing, LLC	Debtor in Possession Loan (8% PIK)	$ (2,634,714)	$ —	$ —	$ —	$ 4,000,000	$ 4,000,000	$ —
	Senior Notes (LIBOR + 3.5%)(6)	(1,938,339)	—	79,534	2,942,769	—	2,942,769	—
	Split Collateral Term Loans (8% Cash)	(11,554,845)	5,010,464	513,963	6,182,000	11,360,464	17,542,464	—
	Subordinated Note (5% Cash)	(82,335)	—	—	—	125,000	125,000	—
	Series F Preferred Units (705,321 units)	(9,134,807)	9,134,807	—	—	—	—	—
	Common Units (15,174 units)	—	—	—	—	—		—
		(25,345,040)	14,145,271	593,497	9,124,769	15,485,464	24,610,233	—
CRS-SPV, Inc.	Common Stock (1,100 shares)	—	1,855,000	—	—	20,283,000	—	20,283,000
		—	1,855,000	—	—	20,283,000	—	20,283,000
DCWV Acquisition Corporation	Senior Subordinated Note (15% PIK)	(250,000)	—	—	250,000	—	250,000	—
	Subordinated Note (12% Cash, 3% PIK)	(4,396,350)	4,789,633	—	1,389,000	4,789,633	6,178,633	—
	Jr. Subordinated Note (15% PIK)	(2,000,000)	2,000,000	—	—	2,000,000	2,000,000	—
	Series A Preferred Equity (1,200 shares)	(1,200,000)	1,200,000	—	—	1,200,000	1,200,000	—
	100% Common Shares	—	—	—	—	—	—	—
		(7,846,350)	7,989,633	—	1,639,000	7,989,633	9,628,633	—
DialogDirect, Inc.	Subordinated Note (8% PIK)	(7,523,038)	6,640,226	—	—	20,020,227	20,020,227	—
	Class A Common Units (1,176,500 units)	—	—	—	—	—	—	—
		(7,523,038)	6,640,226	—	—	20,020,227	20,020,227	—

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Frank Entertainment Group, LLC[7]	Senior Note (6% Cash)[5]	$ —	$ (3,127,606)	$ —	$ —	$ 9,808,054	$ 3,267,054	$ 6,541,000
	Second Lien Term Note (2.5% Cash)[5]	—	(2,705,479)	—	—	2,715,723	2,715,723	—
	Redeemable Preferred Units (2,800,000 units)	—	(1,074,000)	—	—	1,074,000	1,074,000	—
	Redeemable Class B Preferred Units (2,800,000 units)	—	—	—	—	—	—	—
	Class A Common Units (606,552 units)	—	—	—	—	—	—	—
		—	(6,907,085)	—	—	13,597,777	7,056,777	6,541,000
FrontStream Holdings, LLC	Subordinate Note (LIBOR + 6%, 7.3% Cash)	—	348,542	—	—	7,663,542	249,542	7,414,000
	Common Stock (1,000 shares)	—	—	—	—	—	—	—
		—	348,542	—	—	7,663,542	249,542	7,414,000
Frontstreet Facility Solutions, Inc.	Subordinated Note (13% Cash)	—	(1,014,755)	569,586	—	4,764,755	1,014,755	3,750,000
	Series A Convertible Preferred Stock (60,000 shares)	—	(575)	—	—	575	575	—
	Series B Convertible Preferred Stock (20,000 shares)	—	(144)	—	—	144	144	—
	Common Stock (27,890 shares)	—	(279)	—	—	279	279	—
		—	(1,015,753)	569,586	—	4,765,753	1,015,753	3,750,000
Gerli & Company	Subordinated Note (13% Cash)	(375,000)	375,000	—	—	375,000	375,000	—
	Subordinated Note (8.5% Cash)	(3,000,000)	3,000,000	—	—	3,000,000	3,000,000	—
	Class A Preferred Shares (1,211 shares)	(855,000)	855,000	—	—	855,000	855,000	—
	Class C Preferred Shares (744 shares)	—	—	—	—	—	—	—
	Class E Preferred Shares (400 shares)	(161,440)	161,440	—	—	161,440	161,440	—
	Common Stock (300 shares)	(100,000)	100,000	—	—	100,000	100,000	—
		(4,491,440)	4,491,440	—	—	4,491,440	4,491,440	—
SRC Worldwide, Inc.	Common Stock (5,000 shares)	—	—	400,000	8,028,000	—	8,028,000	—
		—	—	400,000	8,028,000	—	8,028,000	—
Total Control Investments		**(45,205,868)**	**27,547,274**	**1,563,083**	**18,791,769**	**94,296,836**	**75,100,605**	**37,988,000**

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Affiliate Investments:								
All Metals Holding, LLC	Subordinated Note (12% Cash, 1% PIK)	$ —	$ 155,098	$ 878,223	$ 6,249,220	$ 249,113	$ 64,333	$ 6,434,000
	Units (318,977 units)	—	(488,000)	—	754,000	—	488,000	266,000
		—	(332,902)	878,223	7,003,220	249,113	552,333	6,700,000
CIS Secure Computing Inc.	Subordinated Note (12% Cash, 3% PIK)	—	—	1,154,260	11,670,708	207,319	11,878,027	—
	Common Stock (84 shares)	1,679,180	(1,652,680)	—	2,155,000	1,679,181	3,834,181	—
		1,679,180	(1,652,680)	1,154,260	13,825,708	1,886,500	15,712,208	—
Consolidated Lumber Holdings, LLC	Subordinated Note (10% Cash, 2% PIK)	—	(156,611)	194,082	4,278,000	78,750	4,356,750	—
	Class A Units (15,000 units)	—	2,019,000	274,167	2,481,000	2,019,000	—	4,500,000
		—	1,862,389	468,249	6,759,000	2,097,750	4,356,750	4,500,000
DPII Holdings, LLC	Tranche III Subordinated Note (19% PIK)	(2,269,044)	871,000	—	2,356,001	871,000	3,227,001	—
	Tranche I & II Subordinated Notes (12% Cash, 4% PIK)	(462)	2,148,462	—	—	2,148,462	2,148,462	—
	Class A Membership Interest (17,308 units)	(1,107,692)	1,107,692	—	—	1,107,692	1,107,692	—
		(3,377,198)	4,127,154	—	2,356,001	4,127,154	6,483,155	—
FCL Holding SPV, LLC	Class A Interest (24,873 units)	—	(75,000)	45,452	645,000	—	75,000	570,000
	Class B Interest (48,427 units)	—	(101,000)	—	101,000	—	101,000	—
	Class B Interest (3,746 units)	—		—	—	—	—	—
		—	(176,000)	45,452	746,000	—	176,000	570,000

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Frank Entertainment Group, LLC[7]	Senior Note (LIBOR + 7%, 10% Cash, 5.8% PIK)[6]	$ —	$ (1,077,888)	$ 823,087	$ 9,940,684	$ 351,600	$ 10,292,284	$ —
	Second Lien Term Note (10% Cash)	—	(174,000)	15,000	—	1,200,000	1,200,000	—
	Class A Redeemable Preferred Units (10.5% Cash) (196,718 units)	—	(3,492,904)	—	4,566,904	—	4,566,904	—
	Class B Redeemable Preferred Units (18,667 units)	—	(1,660,810)	—	1,660,810	—	1,660,810	—
	Class C Redeemable Preferred Units (25,846 units)	—	(600,000)	—	600,000	—	600,000	—
	Class A Common Units (43,077 units)	—	—	—	—	—	—	—
	Class A Common Warrants	—	—	—	—	—	—	—
		—	(7,005,602)	838,087	16,768,398	1,551,600	18,319,998	—
Mac Land Holdings, Inc.	Common Stock (139 shares)	—	(369,000)	—	—	369,000	369,000	—
		—	(369,000)	—	—	369,000	369,000	—
MS Bakery Holdings, Inc.	Preferred Units (233 units)	185,133	(185,133)	—	397,000	185,133	582,133	—
	Common B Units (3,000 units)	2,087,323	(2,086,860)	—	2,110,000	2,087,323	4,197,323	—
	Common A Units (1,652 units)	1,147,007	(1,147,007)	—	1,162,000	1,147,007	2,309,007	—
		3,419,463	(3,419,000)	—	3,669,000	3,419,463	7,088,463	—
Native Maine Operations, Inc.	Senior Notes (LIBOR + 9%)[6]	—	—	1,338,898	—	18,000,000	18,000,000	—
	Preferred Units (20,000 units)	—	—	—	—	2,000,000	2,000,000	—
		—	—	1,338,898	—	20,000,000	20,000,000	—
NB Products, Inc.	Subordinated Note (12% Cash, 2% PIK)	—	—	3,540,905	22,751,190	556,895	—	23,308,085
	Jr. Subordinated Note (10% PIK)	—	—	503,674	4,595,921	518,671	—	5,114,592
	Jr. Subordinated Bridge Note (20% PIK)	—	—	439,568	1,972,727	439,568	—	2,412,295
	Series A Redeemable Senior Preferred Stock (7,839 shares)	—	978,000	—	9,412,000	978,000	—	10,390,000
	Common Stock (1,668,691 shares)	—	6,265,000	—	9,779,000	6,265,000	—	16,044,000
		—	7,243,000	4,484,147	48,510,838	8,758,134	—	57,268,972

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Passport Food Group, LLC	Senior Notes (LIBOR + 9.0%, 10.3% Cash)(6)	$ —	$ (2,976,160)	$ 1,621,494	$ —	$19,648,160	$ 2,976,160	$ 16,672,000
	Common Stock (20,000 shares)	—	(1,643,000)	—	—	2,000,000	1,643,000	357,000
		—	(4,619,160)	1,621,494	—	21,648,160	4,619,160	17,029,000
PCX Aerostructures, LLC	Subordinated Note (10.5% Cash)(8)	—	(1,481,848)	3,354,176	21,960,000	2,095,848	1,481,848	22,574,000
	Subordinated Note (6% PIK)(8)	—	(211,286)	—	—	759,286	211,286	548,000
	Series A Preferred Stock (6,066 shares)	—	—	—	—	—	—	—
	Series B Preferred Stock (411 shares)	—	—	—	—	—	—	—
	Class A Common Stock (121,922 shares)	—	—	—	—	—	—	—
		—	(1,693,134)	3,354,176	21,960,000	2,855,134	1,693,134	23,122,000
Team Waste, LLC	Subordinated Note (10% Cash, 2% PIK)	—	—	171,863	—	4,930,962	—	4,930,962
	Preferred Units (500,000 units)	—	—	9,000	9,100,000	900,000	—	10,000,000
		—	—	180,863	9,100,000	5,830,962	—	14,930,962
Technology Crops, LLC	Subordinated Notes (12% Cash)	—	(3,677,102)	1,930,662	11,837,622	456,480	3,677,102	8,617,000
	Common Units (50 units)	—	—	—	—	—	—	—
		—	(3,677,102)	1,930,662	11,837,622	456,480	3,677,102	8,617,000
TGaS Advisors, LLC	Senior Note (10% Cash, 1% PIK)	—	—	1,143,884	9,521,986	158,001	248,972	9,431,015
	Preferred Units (1,685,357 units)	—	254,000	—	1,270,000	254,000	—	1,524,000
		—	254,000	1,143,884	10,791,986	412,001	248,972	10,955,015
Tulcan Fund IV, L.P.	Common Units (1,000,000 units)	—	—	—	—	—	—	—
		—	—	—	—	—	—	—
United Retirement Plan Consultants, Inc.	Series A Preferred Shares (9,400 shares)	—	45,000	—	257,000	45,000	—	302,000
	Common Shares (100,000 shares)	—	118,000	—	301,000	118,000	—	419,000
		—	163,000	—	558,000	163,000	—	721,000

Year Ended December 31, 2017:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2016 Value	Gross Additions (3)	Gross Reductions (4)	December 31, 2017 Value
Waste Recyclers Holdings, LLC	Class A Preferred Units (280 units)	$ (2,251,100)	$ 2,251,100	$ —	$ —	$ 2,251,100	$ 2,251,100	$ —
	Class B Preferred Units (11,484,867 units)	(2,935,218)	2,487,218	—	817,000	2,487,218	3,304,218	—
	Common Unit Purchase Warrant (1,170,083 units)	(748,900)	748,900	—	—	748,900	748,900	—
	Common Units (153,219 units)	(180,783)	180,783	—	—	180,783	180,783	—
		(6,116,001)	5,668,001	—	817,000	5,668,001	6,485,001	—
Wythe Will Tzetzo, LLC	Series A Preferred Units (99,829 units)	—	(4,120,000)	—	6,808,000	—	4,120,000	2,688,000
		—	(4,120,000)	—	6,808,000	—	4,120,000	2,688,000
Investments not held at the end of the period		414,889	—	—	—	414,889	414,889	—
Deferred taxes		—	390,990	—	—	—	—	—
Total Affiliate Investments		**$ (3,979,667)**	**$(7,356,046)**	**$17,438,395**	**$161,510,773**	**$79,907,341**	**$94,316,165**	**$ 147,101,949**

(1) All debt investments are income producing, unless otherwise noted. Equity and equity-linked investments are non-income producing, unless otherwise noted. The fair values of all investments were determined using significant unobservable inputs.
(2) 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. Amounts include accrued PIK interest if the description of the security includes disclosure of a PIK interest rate.
(3) Gross additions include increase in the cost basis of investments resulting from new portfolio investments, follow-on investments and accrued PIK interest. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.
(4) 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.
(5) Non-accrual investment
(6) Index-based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.
(7) During the year ended December 31, 2017, as a result of a balance sheet restructuring, Frank Entertainment Group, LLC moved from an affiliate investment to a control investment.
(8) Effective February 9, 2018, the Company's debt investments in PCX Aerostructures, LLC were amended to provide for cash interest at all-in rate of 6% per annum.

Year Ended December 31, 2016:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions (3)	Gross Reductions(4)	December 31, 2016 Value
Control Investments:								
CRS Reprocessing, LLC	Senior Notes (LIBOR + 3.5%, 4.3% Cash)[6]	$ —	$ —	$ 120,067	$ 2,942,769	$ —	$ —	$ 2,942,769
	Split Collateral Term Loans (8% Cash)	—	(5,010,464)	897,649	6,192,464	5,000,000	5,010,464	6,182,000
	Series F Preferred Units (705,321 units)	—	(5,221,000)	—	5,221,000	—	5,221,000	—
	Common Units (15,174 units)	—	—	333	—	—		—
		—	(10,231,464)	1,018,049	14,356,233	5,000,000	10,231,464	9,124,769
DCWV Acquisition Corporation	Senior Subordinated Note (15% PIK)[5]	—	—	—	250,000	—	—	250,000
	Subordinated Note (12% Cash, 3% PIK)[5]	—	(1,728,000)	—	3,117,000	—	1,728,000	1,389,000
	Jr. Subordinated Note (15% PIK)[5]	—	—	—	—	—	—	—
	Series A Preferred Equity (1,200 shares)	—	—	—	—	—	—	—
	100% Common Shares	—	—	—	—	—	—	—
		—	(1,728,000)	—	3,367,000	—	1,728,000	1,639,000
Gerli & Company	Subordinated Note (13% Cash)[5]	—	(375,000)	—	375,000	—	375,000	—
	Subordinated Note (8.5% Cash)[5]	—	(437,000)	—	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	—	812,000	—
SRC Worldwide, Inc.	Common Stock (5,000 shares)	—	1,307,000	700,000	6,921,000	1,307,000	200,000	8,028,000
		—	1,307,000	700,000	6,921,000	1,307,000	200,000	8,028,000
Total Control Investments		**—**	**(11,464,464)**	**1,718,049**	**25,456,233**	**6,307,000**	**12,971,464**	**18,791,769**
Affiliate Investments:								
All Aboard America! Holdings Inc.	Subordinated Note (12% Cash, 3% PIK)	—	—	2,440,362	14,953,191	577,433	15,530,624	—
	Membership Units in LLC	3,118,958	(2,723,218)	—	5,024,000	3,118,958	8,142,958	—
		3,118,958	(2,723,218)	2,440,362	19,977,191	3,696,391	23,673,582	—

Year Ended December 31, 2016:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions (3)	Gross Reductions(4)	December 31, 2016 Value
All Metals Holding, LLC	Subordinated Note (12% Cash, 1% PIK)	$ —	$ —	$ —	$ —	$ 6,249,220	$ —	$ 6,249,220
	Units (318,977 units)	—	(55,331)	—	—	809,331	55,331	754,000
		—	(55,331)	—	—	7,058,551	55,331	7,003,220
American De-Rosa Lamparts, LLC and Hallmark Lighting, LLC	Subordinated Note (12% Cash, 3% PIK)	—	—	663,502	7,186,235	227,130	7,413,365	—
	Membership Units (8,364 units)	3,555,652	(3,251,347)	102,800	3,872,000	3,555,652	7,427,652	—
		3,555,652	(3,251,347)	766,302	11,058,235	3,782,782	14,841,017	—
CIS Secure Computing Inc.	Subordinated Note (12% Cash, 3% PIK)	—	—	1,757,750	11,323,440	347,268	—	11,670,708
	Common Stock (84 shares)	—	1,956,000	—	199,000	1,956,000	—	2,155,000
		—	1,956,000	1,757,750	11,522,440	2,303,268	—	13,825,708
Consolidated Lumber Company LLC	Subordinated Note (10% Cash, 2% PIK)	—	156,611	1,480,383	14,332,445	564,627	10,619,072	4,278,000
	Class A Units (15,000 units)	—	981,000	451,128	1,500,000	981,000	—	2,481,000
		—	1,137,611	1,931,511	15,832,445	1,545,627	10,619,072	6,759,000
DPII Holdings, LLC	Tranche I & II Subordinated Notes (12% Cash, 4% PIK)(5)	—	(871,000)	115,147	3,558,804	5,708	1,208,511	2,356,001
	Tranche III Subordinated Note (19% PIK)(5)	—	(2,148,462)	—	—	2,148,462	2,148,462	—
	Class A Membership Interest (17,308 units)	—	(795,000)	—	795,000	—	795,000	—
		—	(3,814,462)	115,147	4,353,804	2,154,170	4,151,973	2,356,001
FCL Holding SPV, LLC	Class A Interest (24,873 units)	—	195,000	—	—	645,000	—	645,000
	Class B Interest (48,427 units)	—	101,000	—	—	101,000	—	101,000
	Class B Interest (3,746 units)	—	—	—	—	—	—	—
		—	296,000	—	—	746,000	—	746,000
Frank Entertainment Group, LLC	Senior Note (LIBOR + 7%, 10% Cash, 5.8% PIK)(6)	—	—	1,599,606	9,592,545	605,281	257,142	9,940,684
	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	—	—	—	—	—	—	—
		—	—	1,924,601	16,420,259	605,281	257,142	16,768,398

Year Ended December 31, 2016:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions (3)	Gross Reductions(4)	December 31, 2016 Value
GenPref LLC	7.0% LLC Interest	$ 30,823	$ 6,762	$ —	$ 16,400	$ 37,585	$ 53,985	$ —
		30,823	6,762	—	16,400	37,585	53,985	—
MS Bakery Holdings, Inc.	Preferred Units (233 units)	—	30,000	—	367,000	30,000	—	397,000
	Common B Units (3,000 units)	—	303,000	—	1,807,000	303,000	—	2,110,000
	Common A Units (1,652 units)	—	167,000	—	995,000	167,000	—	1,162,000
		—	500,000	—	3,169,000	500,000	—	3,669,000
NB Products, Inc.	Subordinated Note (12% Cash, 2% PIK)	—	—	3,368,353	20,327,140	2,424,050	—	22,751,190
	Jr. Subordinated Note (10% PIK)	—	—	462,929	4,126,030	469,891	—	4,595,921
	Jr. Subordinated Bridge Note (20% PIK)	—	—	244,654	—	1,972,727	—	1,972,727
	Series A Redeemable Senior Preferred Stock (7,839 shares)	—	887,000	—	8,525,000	887,000	—	9,412,000
	Common Stock (1,668,691 shares)	—	5,782,000	—	3,997,000	5,782,000	—	9,779,000
		—	6,669,000	4,075,936	36,975,170	11,535,668	—	48,510,838
PCX Aerostructures, LLC	Subordinated Note (10.5% Cash)	—	(6,001,060)	3,339,521	18,612,000	9,409,060	6,061,060	21,960,000
	Series A Preferred Stock (6,066 shares)	—	(1,912,668)	—	1,191,000	721,668	1,912,668	—
	Series B Preferred Stock (411 shares)	—	(410,514)	—	—	410,514	410,514	—
	Class A Common Stock (121,922 shares)	—	(3,626)	—	—	3,626	3,626	—
		—	(8,327,868)	3,339,521	19,803,000	10,544,868	8,387,868	21,960,000
Team Waste, LLC	Preferred Units (455,000 units)	—	—	36,000	5,500,000	3,600,000	—	9,100,000
		—	—	36,000	5,500,000	3,600,000	—	9,100,000
Technology Crops, LLC	Subordinated Notes (12% Cash, 5% PIK)	—	—	1,944,252	11,252,123	585,499	—	11,837,622
	Common Units (50 units)	—	(400,000)	—	400,000	—	400,000	—
		—	(400,000)	1,944,252	11,652,123	585,499	400,000	11,837,622
TGaS Advisors, LLC	Senior Note (10% Cash, 1% PIK)	—	—	1,180,938	9,633,898	177,061	288,973	9,521,986
	Preferred Units (1,685,357 units)	—	(27,712)	33,000	1,427,000	—	157,000	1,270,000
		—	(27,712)	1,213,938	11,060,898	177,061	445,973	10,791,986
Tulcan Fund IV, L.P.	Common Units (1,000,000 units)	—	(416,000)	—	416,000	—	416,000	—
		—	(416,000)	—	416,000	—	416,000	—

Year Ended December 31, 2016:

Portfolio Company	Type of Investment(1)	Amount of Realized Gain (Loss)	Amount of Unrealized Gain (Loss)	Amount of Interest or Dividends Credited to Income(2)	December 31, 2015 Value	Gross Additions (3)	Gross Reductions(4)	December 31, 2016 Value
UCS Super HoldCo LLC	Membership Units (1,000 units)	$(2,000,000)	$ 2,000,000	$ —	$ —	$ 2,000,000	$ 2,000,000	$ —
	Participation Interest	(626,437)	700,000	—	300,000	700,000	1,000,000	—
		(2,626,437)	2,700,000	—	300,000	2,700,000	3,000,000	—
United Retirement Plan Consultants, Inc.	Series A Preferred Shares (9,400 shares)	—	505,252	—	446,000	265,000	454,000	257,000
	Common Shares (100,000 shares)	—	(599,000)	—	—	611,000	310,000	301,000
		—	(93,748)	—	446,000	876,000	764,000	558,000
Waste Recyclers Holdings, LLC	Class A Preferred Units (280 units)	—	—	—	—	—	—	—
	Class B Preferred Units (11,484,867 units)	—	74,000	—	743,000	74,000	—	817,000
	Common Unit Purchase Warrant (1,170,083 units)	—	—	—	—	—	—	—
	Common Units (153,219 units)	—	—	—	—	—	—	—
		—	74,000	—	743,000	74,000	—	817,000
Wythe Will Tzetzo, LLC	Series A Preferred Units (99,829 units)	—	(1,528,000)	195,997	8,336,000	—	1,528,000	6,808,000
		—	(1,528,000)	195,997	8,336,000	—	1,528,000	6,808,000
Investments not held at the end of the period		319,802	—	—	—	319,802	319,802	—
Deferred taxes		—	1,825,301	—	—	—	—	—
Total Affiliate Investments		**$ 4,398,798**	**$ (5,473,012)**	**$19,741,317**	**$ 177,581,965**	**$52,842,553**	**$ 68,913,745**	**$ 161,510,773**

(1) All debt investments are income producing, unless otherwise noted. Equity and equity-linked investments are non-income producing, unless otherwise noted. The fair values of all investments were determined using significant unobservable inputs.

(2) 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. Amounts include accrued PIK interest if the description of the security includes disclosure of a PIK interest rate.

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

(4) 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.

(5) Non-accrual investment

(6) Index-based floating interest rate is subject to contractual minimum interest rate. A majority of the variable rate loans in the Company's investment portfolio bear interest at a rate that may be determined by reference to either LIBOR or an alternate Base Rate (commonly based on the Federal Funds Rate or the Prime Rate), which typically resets semi-annually, quarterly, or monthly at the borrower's option. The borrower may also elect to have multiple interest reset periods for each loan.

4. Borrowings

The Company had the following borrowings outstanding as of December 31, 2017 and 2016:

Issuance/Pooling Date	Maturity Date	Interest Rate as of December 31, 2017	December 31, 2017	December 31, 2016
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	32,800,000
Less: Deferred financing fees			(3,678,875)	(4,610,034)
Total SBA-Guaranteed Debentures			$ 246,321,125	$ 245,389,966
Credit Facility:				
May 1, 2017	April 30, 2022	4.124%	$ 156,070,484	$ 127,011,475
Total Credit Facility			$ 156,070,484	$ 127,011,475
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			(3,341,699)	(3,994,619)
Total Notes			$ 163,408,301	$ 162,755,381

SBA-Guaranteed Debentures

Under the Small Business Investment Act of 1958, as amended, 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 up to two times (and in certain cases, with SBA approval, up to three times) the amount of its regulatory capital. As of December 31, 2017, 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 December 31, 2017, Triangle SBIC had issued the maximum $150.0 million of SBA-guaranteed debentures and Triangle SBIC II had issued the maximum $100.0 million of SBA-guaranteed debentures, leaving borrowing capacity of a maximum of $100.0 million of SBA-guaranteed debentures for Triangle SBIC III. 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 weighted average interest rate for all SBA-guaranteed debentures as of both December 31, 2017 and 2016 was 3.90%. As of both December 31, 2017 and 2016, 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. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. Upon prepayment of an SBA-guaranteed debenture, any unamortized deferred financing costs related to the SBA-guaranteed debenture are written off and recognized as a loss on extinguishment of debt in the Consolidated Statements of Operations.

The fair values of the SBA-guaranteed debentures are based on a market yield approach and current interest rates, which are Level 3 inputs to the market yield model. As of December 31, 2017 and December 31, 2016, the carrying amounts of SBA-guaranteed debentures were approximately $246.3 million and $245.4 million, respectively. As of December 31, 2017 and December 31, 2016, the fair values of the SBA-guaranteed debentures were approximately $262.2 million and $264.9 million, respectively. As of December 31, 2017, the Company was in compliance with SBA regulatory requirements.

Credit Facility

In May 2015, the Company entered into the Credit Facility, which was subsequently amended in May 2017. The amendment, among other things, increased commitments from $300.0 million to $435.0 million and extended the maturity by two years. The revolving period of the Credit Facility ends April 30, 2021 followed by a one-year amortization period with a final maturity date of April 30, 2022. The Company has the ability to borrow in both United States dollars as well as foreign currencies under the Credit Facility. 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. The Credit Facility has an accordion feature that allows for an increase in the total borrowing size up to $550.0 million, subject to certain conditions and the satisfaction of specified financial covenants. Using this accordion feature, in July 2017, the Company increased its commitments under the Credit Facility from $435.0 million to $465.0 million, and in September 2017, the Company again increased its commitments under the Credit Facility from $465.0 million to $480.0 million.

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 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.

As of December 31, 2017, the Company had United States dollar borrowings of $139.3 million outstanding under the Credit Facility with an interest rate of 4.12% and non-United States dollar borrowings denominated in Canadian dollars of $21.0 million ($16.8 million in United States dollars) outstanding under the Credit Facility with a weighted average interest rate of 4.16%. 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 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, 2016, the Company had United States dollar borrowings of $105.7 million outstanding under the Credit Facility with an interest rate of 3.37% and non-United States dollar borrowings denominated in Canadian dollars of $28.6 million ($21.3 million United States dollars) outstanding under the Credit Facility with an interest rate of 3.64%.

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 December 31, 2017 and December 31, 2016, the fair values of the borrowings outstanding under the Credit Facility were $156.1 million and $127.0 million, respectively.

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 December 31, 2017 and 2016, 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 the 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. 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. As of December 31, 2017 and December 31, 2016, the carrying amounts of the December 2022 Notes were $79.0 million and $78.7 million, respectively. As of December 31, 2017 and December 31, 2016, the fair values of the December 2022 Notes were $80.9 million and $81.9 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 December 31, 2017 and December 31, 2016, the carrying amounts of the March 2022 Notes were $84.4 million and $84.1 million, respectively. As of December 31, 2017 and December 31, 2016, the fair values of the March 2022 Notes were $86.9 million and $87.7 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 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 the Company comply with the asset coverage requirement of the 1940 Act or any successor provisions, after giving effect to any exemptive relief granted to the Company by the Securities and Exchange Commission (the "SEC"), (ii) a requirement that the Company will not declare any cash dividend, or declare any other cash distribution, upon a class of its 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, the Company has 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 the Company by the SEC and (iii) 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 December 31, 2017 and 2016, the Company was in compliance with all covenants of the December 2022 Notes and the March 2022 Notes.

5. Income Taxes

The Company has elected for federal income tax purposes to be treated as a RIC under the Code and intends to make the required distributions to its stockholders as specified therein. In order to maintain its tax treatment 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 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 met its minimum distribution requirements for 2017, 2016 and 2015 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% U.S. federal 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.

Permanent differences between ICTI and net investment income for financial reporting purposes are reclassified among capital accounts in the consolidated financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. During the years ended December 31, 2017, 2016 and 2015, the Company reclassified for book purposes amounts arising from permanent book/tax differences primarily related to differences in the tax basis and book basis of investments sold and non-deductible taxes paid during the year as follows:

	December 31,		
	2017	2016	2015
Additional paid in capital	$ (689,101)	$ (484,037)	$ (1,039,969)
Investment income in excess of distributions	$ 9,761,203	$ 867,350	$ 3,585,623
Accumulated realized gains on investments	$ (9,072,102)	$ (383,313)	$ (2,545,654)

Tax positions taken or expected to be taken in the course of preparing the Company's tax returns are evaluated to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than not threshold would be recorded as a tax benefit or expense in the current year. Management has analyzed the Company's tax positions taken, or to be taken, on federal income tax returns for all open tax years (fiscal years 2014-2017), and has concluded that the provision for uncertain tax positions in the Company's financial statements is necessary.

In addition, 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 Schedules of Investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company’s consolidated financial statements reflect the Company’s investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold certain portfolio companies that are organized as limited liability companies (“LLCs”) (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90% of the RIC’s gross revenue for income tax purposes must consist of investment income. Absent the Taxable Subsidiaries, a proportionate amount of any gross income of an LLC (or other pass-through entity) portfolio investment would flow through directly to the RIC. To the extent that such income did not consist of investment income, it could jeopardize the Company’s ability to qualify as a RIC and therefore cause the Company to incur significant amounts of federal income taxes. When LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, their income is taxed to the Taxable Subsidiaries and does not flow through to the RIC, thereby helping the Company preserve its RIC status and resultant tax advantages. The Taxable Subsidiaries are not consolidated for income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies. This income tax expense is reflected in the Company’s Consolidated Statements of Operations. Additionally, any unrealized appreciation related to portfolio investments held by the 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 Consolidated Statements of Operations, with the related deferred tax liabilities presented in the Company's Consolidated Balance Sheets.

In December 2017, the United States enacted tax reform legislation through the bill commonly known as the Tax Cuts and Jobs Act (the "Tax Act"), which significantly changed the existing U.S. tax laws, including a reduction in the corporate tax rate from 35% to 21%, a move from a worldwide tax system to a territorial system, as well as other changes. The Taxable Subsidiaries' provisional tax is based on the new lower blended federal and state corporate tax rate of 26%. This estimate incorporates assumptions made based on the Company's current interpretation of the Tax Act and may change, possibly materially, as the Company completes the analysis and receives additional clarification and implementation guidance. In addition, changes in interpretations, assumptions, and guidance regarding the new tax legislation, as well as the potential for technical corrections to the Tax Act, could have a material impact to the Company’s effective tax rate in future periods. Finally, given the significant complexity of the Tax Act, current guidance from the U.S. Treasury about implementing the Tax Act and any related guidance from the SEC or the FASB may change, which may require us to refine the Company's estimates in the future.

For income tax purposes, distributions paid to stockholders are reported as ordinary income, long-term capital gains, return of capital or a combination thereof. The tax character of distributions paid for the years ended December 31, 2017, 2016 and 2015 was as follows:

	Year Ended December 31,		
	2017	2016	2015
Ordinary income	$ 77,484,420	$ 68,239,124	$ 68,413,242
Distributions of long-term capital gains	—	—	8,242,911
Distributions on a tax basis	$ 77,484,420	$ 68,239,124	$ 76,656,153

Under Section 852(b)(3)(C) of the Code, the Company hereby designates the above distributions of long-term capital gains as capital gain dividends for the fiscal year ended December 31, 2015. The Company did not designate long-term capital gains for the fiscal years ended December 31, 2016 or 2017.

The Company may retain some or all of its realized net long-term capital gains in excess of realized net short-term capital losses and may designate the retained net capital gain as a “deemed distribution.” In that case, among other consequences, the Company will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its share of the deemed distribution in income as if it had been actually distributed to the

U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. For the years ended December 31, 2017, 2016 and 2015 the Company did not elect to designate retained net capital gains as deemed distributions.

At December 31, 2017, 2016 and 2015, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Consolidated Balance Sheets by temporary and other book/tax differences, primarily relating to depreciation expense, stock-based compensation, accruals of defaulted debt investment interest and the tax treatment of certain partnership investments, as follows:

	December 31,		
	2017	2016	2015
Undistributed net investment income	18,384,766	$ 13,510,440	$ 19,826,302
Accumulated capital gains (losses)	(87,489,121)	(37,164,237)	(30,555,004)
Other permanent differences relating to the Company's formation	1,975,543	1,975,543	1,975,543
Other temporary differences	(7,410,910)	(4,816,603)	(3,695,494)
Unrealized appreciation (depreciation)	(107,847,526)	(49,224,340)	(28,459,406)
Components of distributable earnings at year end	$ (182,387,248)	$ (75,719,197)	$ (40,908,059)

Under current law, the Company may carry forward net capital losses indefinitely to use to offset capital gains realized in future years. Capital losses realized under current law will carry forward retaining their classification as long-term or short-term losses. As of December 31, 2017, the Company had $87.5 million of long-term capital losses which will not expire.

For federal income tax purposes, the cost of investments owned at December 31, 2017 and 2016 was approximately $1,123.7 million and $1,102.3 million, respectively. As of December 31, 2017, net unrealized depreciation on the Company's investments was approximately $107.8 million, consisting of gross unrealized appreciation, where the fair value of the Company's investments exceeds their tax cost, of approximately $89.2 million and gross unrealized depreciation, where the tax cost of the Company's investments exceeds their fair value, of approximately $197.0 million.

6. Equity-Based and Other Compensation Plans

In February 2017, both the compensation committee of the Board and the Board adopted the Triangle Capital Corporation Omnibus Incentive Plan (the "Omnibus Plan"), and in May 2017, the Company's stockholders approved the Omnibus Plan at the Company's 2017 Annual Meeting of Stockholders. Prior to the approval of the Omnibus Plan, the Company compensated its professionals through two separate plans: the Amended and Restated 2007 Equity Incentive Plan (the "Equity Incentive Plan"), which provided for grants of restricted stock and options to employees, officers and directors, and the 2012 Executive Cash Incentive Plan (the "Cash Incentive Plan"), which provided for the payment of cash bonuses to employees and officers. The Omnibus Plan was created primarily for the purpose of combining the Equity Incentive Plan and the Cash Incentive Plan in order to reduce the administrative burden of monitoring the terms and conditions of two separate plans. The terms of the Equity Incentive Plan and the Cash Incentive Plan, as combined and reflected in the Omnibus Plan, are substantially similar to the respective terms of each standalone plan.

The Omnibus Plan provides for grants of restricted stock, incentive stock options, non-statutory stock options and cash-based and/or stock-based performance awards, collectively, "Awards," to the Company's existing and future employees. Equity-based awards granted under the Omnibus Plan to independent directors generally will vest over a one-year period and equity-based awards granted under the Omnibus Plan to executive officers and employees generally will vest ratably over a four-year period. In addition, the Omnibus Plan increased the maximum number of shares of the Company's common stock with respect to which Awards may be granted under the Omnibus

Plan to 4,000,000 shares of the Company’s common stock from 2,400,000 shares of the Company’s common stock that were approved under the Equity Incentive Plan. The Omnibus Plan expires May 3, 2027.

The Company accounts for its equity-based compensation 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 equity-based compensation for the years ended December 31, 2017, 2016 and 2015:

	Year Ended December 31,					
	2017		2016		2015	
	Number of Shares	Weighted Average Grant Date Fair Value per Share	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	631,622	$ 21.23	778,116	$ 24.10	662,965	$ 25.87
Shares granted during the period	360,470	$ 19.22	364,605	$ 17.56	360,840	$ 21.82
Shares vested during the period	(243,418)	$ 22.69	(511,099)	$ 22.98	(245,689)	$ 24.31
Unvested shares, end of period	748,674	$ 19.79	631,622	$ 21.23	778,116	$ 24.10

In the year ended December 31, 2017, the Company recognized equity-based compensation expense of approximately $6.0 million. In the year ended December 31, 2016, the Company recognized equity-based compensation expense of approximately $10.3 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, and $1.4 million related to the accelerated vesting of outstanding shares of restricted stock of Brent P.W. Burgess, the Company's former Chief Investment Officer, who resigned from his position in October 2016. In the year ended December 31, 2015, the Company recognized equity-based compensation expense of approximately $7.0 million.

As of December 31, 2017, there was approximately $9.6 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 1.7 years.

The Board 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 Board. 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.

7. Transactions with Controlled Companies

In December 2017, the Company contributed its equity investment in SRC Worldwide, Inc. ("SRC"), a 100%-owned portfolio company, to CRS-SPV, Inc. ("CRS-SPV"), a 100%-owned portfolio company. In connection with this contribution, SRC became a wholly-owned subsidiary of CRS-SPV, and the Company's investment in SRC is consolidated with CRS-SPV in the Consolidated Schedule of Investments as of December 31, 2017.

During each of the years ended December 31, 2017, 2016 and 2015, the Company received management and other fees from SRC totaling $0.4 million. These fees were recognized as fee income in the Company's Consolidated Statements of Operations. In addition, during the years ended December 31, 2017 and 2016, the Company recognized dividend and interest income from control investments as disclosed in Note 3 - Schedule of Investments in and Advances to Affiliates.

8. 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 December 31, 2017 and 2016 were as follows:

Portfolio Company	Investment Type	December 31, 2017	December 31, 2016
DPII Holdings, LLC	Guaranty	$ —	$ 576,925
Deva Holdings, Inc.	Revolver	2,500,000	—
DLC Acquisition, LLC	Revolver	1,800,000	3,000,000
Frank Entertainment Group, LLC(1)	Delayed Draw Senior	130,212	—
Frank Entertainment Group, LLC(1)	Delayed Draw Second Lien	303,827	—
Halo Branded Solutions, Inc.	Delayed Draw Term Loan	—	3,250,000
HKW Capital Partners IV, L.P.	Private Equity	214,823	530,032
ICP Industries Inc.	Delayed Draw Term Loan	5,000,000	—
Lakeview Health Acquisition Company(1)	Revolver	1,387,367	1,387,367
Micross Solutions, LLC	Delayed Draw Term Loan	3,000,000	—
Nautic Partners VII, LP	Private Equity	509,080	642,172
Nomacorc, LLC(1)	Equity Investment	838,813	849,362
Orchid Underwriters Agency, LLC	Delayed Draw Term Loan	649,143	8,400,000
Orchid Underwriters Agency, LLC	Revolver	—	5,000,000
SCA Pharmaceuticals, LLC	Delayed Draw Term Loan	—	12,000,000
Schweiger Dermatology Group, LLC	Delayed Draw Term Loan	4,500,000	—
SCUF Gaming, Inc.	Revolver	2,000,000	3,500,000
Smile Brands, Inc.	Equity Investment	1,000,000	1,000,000
Smile Brands, Inc.	Delayed Draw Term Loan	18,826,531	18,826,531
SPC Partners V, LP	Private Equity	185,297	522,881
SPC Partners VI, LP	Private Equity	2,792,172	3,000,000
Tate's Bake Shop	Revolver	550,000	—
Team Waste, LLC	Equity Investment	—	900,000
TGaS Advisors, LLC	Revolver	2,000,000	2,000,000
YummyEarth Inc.	Delayed Draw Term Loan	—	1,500,000
Total Unused Commitments		$ 48,187,265	$ 66,885,270

(1) Represents a commitment to extend financing to a portfolio company where one or more of the Company's current investments in the portfolio company are carried at less than cost as of December 31, 2017. The Company's estimate of the fair value of the current investments in this portfolio company includes an analysis of the value of any unfunded commitments.

The Company's headquarters is leased under an agreement that expires on May 31, 2019. Rent expense for the years ended December 31, 2017, 2016 and 2015 was approximately $426,000, $417,000 and $407,000, respectively, and the rent commitments as of December 31, 2017 are as follows:

Year ending December 31,	Rent Commitment
2018	435,571
2019	187,637
Total	$ 623,208

The Company and certain current and former executive officers have been named as defendants in two putative securities class action lawsuits each filed in the United States District Court for the Southern District of New York (and then transferred to the United States District Court for the Eastern District of North Carolina) on behalf of all persons who purchased or otherwise acquired our common stock between May 7, 2014 and November 1, 2017. The first lawsuit was filed on November 21, 2017, and is currently captioned *Elias Dagher, et al., v. Triangle Capital Corporation, et al.*, Case No. 5:18-cv-00015-FL (the "Dagher Action"). The second lawsuit was filed on November 28, 2017, and is currently captioned *Gary W. Holden, et al., v. Triangle Capital Corporation, et al.*, Case No. 5:18-cv-00010-FL (the "Holden Action").

The complaints in the *Dagher* Action and the *Holden* Action allege certain violations of the securities laws, including, among other things, that the defendants made certain materially false and misleading statements and omissions regarding the Company's business, operations and prospects between May 7, 2014 and November 1, 2017. The plaintiffs seek compensatory damages and attorneys' fees and costs, among other relief, but did not specify the amount of damages being sought.

On January 22, 2018, five applications for appointment as lead plaintiff and motions to consolidate the *Dagher* Action and the *Holden* Action were filed. The applications for appointment as lead plaintiff and motions to consolidate are currently pending before the Court.

In addition, the Company is party to certain lawsuits in the normal course of business. Furthermore, third parties may try to seek to impose liability on the Company in connection with the activities of its portfolio companies.

While the outcome of any open legal proceedings, including those described above, cannot at this time be predicted with certainty, the Company does not expect that any reasonably possible losses arising from these matters will materially affect its financial condition or results of operations. Furthermore, in management's opinion, it is not possible to estimate a range of reasonably possible losses with respect to litigation contingencies.

9. Summarized Financial Information of Unconsolidated Subsidiaries

The Company holds a control interest, as defined by the 1940 Act, in CRS-SPV, Inc. ("CRS"), a majority-owned portfolio company that is considered a significant subsidiary under the guidance in Regulation S-X, but is not consolidated in the Company's consolidated financial statements. Below is summarized financial information as of December 31, 2017 and 2016 and for the three years ended December 31, 2017 (dollars in thousands):

	As of December 31,	
	2017	2016
Current assets	$ 6,296	$ 5,127
Noncurrent assets	$ 16,162	$ 14,712
Total assets	$ 22,458	$ 19,839
Current liabilities	$ 1,843	$ 46,723
Total liabilities	$ 3,901	$ 48,103

	Years Ended December 31,		
	2017	2016	2015
Revenues	$ 9,344	$ 13,851	$ 14,998
Cost of revenues	$ 5,992	$ 12,976	$ 15,217
Gross profit (loss)	$ 3,352	$ 875	$ (219)
Net loss	$ (8,640)	$ (12,845)	$ (11,658)

The Company also holds a control interest, as defined by the 1940 Act, in Frank Entertainment Group, LLC ("Frank") and determined that Frank is a significant subsidiary under the guidance in Regulation S-X, but is not consolidated in the Company's consolidated financial statements. Below is summarized financial information as of December 31, 2017 and 2016 and for the three years ended December 31, 2017 (dollars in thousands):

	As of December 31,	
	2017	2016
Current assets	$ 8,570	$ 8,379
Noncurrent assets	$ 29,505	$ 33,956
Total assets	$ 38,075	$ 42,335
Current liabilities	$ 13,700	$ 16,175
Total liabilities	$ 54,151	$ 49,039

	Years Ended December 31,		
	2017	2016	2015
Revenues	$ 56,196	$ 66,208	$ 63,078
Cost of revenues	$ 21,082	$ 24,944	$ 23,719
Gross profit	$ 35,114	$ 41,264	$ 39,359
Pretax loss	$ (11,372)	$ (9,452)	$ (6,479)

10. Financial Highlights

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Per share data:					
Net asset value at beginning of period	$ 15.13	$ 15.23	$ 16.11	$ 16.10	$ 15.30
Net investment income(1)	1.55	1.62	2.16	2.08	2.23
Net realized gain (loss) on investments(1)	(1.11)	0.05	(0.83)	0.46	0.67
Net unrealized appreciation (depreciation) on investments / foreign currency(1)	(1.04)	(0.72)	0.17	(1.48)	0.08
Total increase (decrease) from investment operations(1)	(0.60)	0.95	1.50	1.06	2.98
Dividends paid to stockholders from net investment income	(1.65)	(1.89)	(2.11)	(1.88)	(2.14)
Dividends paid to stockholders from realized gains	—	—	(0.25)	(0.68)	(0.02)
Total dividends paid	(1.65)	(1.89)	(2.36)	(2.56)	(2.16)
Common stock offerings	0.61	0.72	—	1.49	—
Stock-based compensation(1)	(0.01)	0.09	0.01	—	(0.03)
Shares issued pursuant to Dividend Reinvestment Plan	0.01	0.04	0.03	0.04	0.04
Loss on extinguishment of debt(1)	—	—	(0.04)	—	(0.01)
Provision for taxes(1)	(0.02)	(0.01)	(0.01)	(0.10)	(0.02)
Other(2)	(0.04)	—	(0.01)	0.08	—
Net asset value at end of period	$ 13.43	$ 15.13	$ 15.23	$ 16.11	$ 16.10
Market value at end of period(3)	$ 9.49	$ 18.34	$ 19.11	$ 20.29	$ 27.65
Shares outstanding at end of period	47,740,832	40,401,292	33,375,126	32,950,288	27,697,483
Net assets at end of period	$ 641,275,374	$ 611,156,258	$ 508,367,755	$ 530,826,629	$ 445,792,130
Average net assets	$ 667,188,287	$ 556,549,060	$ 524,579,829	$ 482,679,489	$ 434,926,009
Ratio of total operating expenses, including loss on extinguishment of debt and provision for taxes, to average net assets	7.74 %	9.93 %	9.81 %	9.45 %	9.30 %
Ratio of net investment income to average net assets	10.83 %	10.58 %	13.65 %	12.85 %	14.15 %
Portfolio turnover ratio	37.02 %	24.61 %	37.62 %	29.21 %	25.96 %
Total return(4)	(42.15)%	5.86 %	5.82 %	(17.36)%	16.95 %
Supplemental Data:					
Efficiency ratio(5)	17.48 %	24.70 %	18.88 %	20.40 %	19.07 %

(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 is based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by the Company's dividend reinvestment plan during 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.

11. Selected Quarterly Financial Data (Unaudited)

The following tables set forth certain quarterly financial information for each of the eight quarters in the two years ended December 31, 2017. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

	Quarter Ended			
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017
Total investment income	$ 30,190,770	$ 31,213,767	$ 29,888,058	$ 31,712,037
Net investment income	17,819,433	19,350,962	17,150,917	17,916,505
Net increase (decrease) in net assets resulting from operations	7,193,240	(2,027,746)	(57,496,676)	23,680,721
Net investment income per share	$ 0.42	$ 0.41	$ 0.36	$ 0.38

	Quarter Ended			
	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
Total investment income	$ 26,655,870	$ 28,421,860	$ 27,412,457	$ 31,189,370
Net investment income	9,598,083	16,338,913	15,831,157	17,108,720
Net increase in net assets resulting from operations	12,427,258	6,686,827	7,879,673	7,262,674
Net investment income per share	$ 0.29	$ 0.49	$ 0.42	$ 0.42

12. Subsequent Events

In February 2018, the Board granted 409,000 restricted shares of the Company’s common stock to certain employees. These restricted shares had a total grant date fair value of approximately $4.4 million, which will be expensed on a straight-line basis over a four-year vesting period.

EXHIBIT INDEX

Number	Exhibit
10.23†	Form of Indemnification Agreement.*
10.24†	Form of Amendment to Executive Retention Agreement.*
10.25†	Triangle Capital Corporation Amended and Restated Change in Control Retention Policy.*
11	Statement re computation of per share earnings (Included in the consolidated financial statements filed with this report).*
21.1	List of Subsidiaries.*
23.1	Consent of Ernst & Young LLP.*
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.**

† Management contract or compensatory plan or arrangement.
* Filed herewith.
** Furnished herewith.

Exhibit 10.23

FORM OF INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") is made and entered into effective as of January 16, 2018 (the "Effective Date"), by and between Triangle Capital Corporation, a Maryland corporation (collectively, with its affiliates and subsidiaries, the "Company"), and ______________ ("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as [a director][an officer] of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of [his][her] service as [a director][an officer] of the Company;

WHEREAS, as an inducement to Indemnitee [to continue] to serve as [a director][an officer] of the Company, the Company has agreed to indemnify and to advance expenses and costs incurred by Indemnitee in connection with any claims, suits or proceedings, to the maximum extent permitted by law;

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advancement of expenses; and

WHEREAS, Indemnitee is relying upon the rights afforded under this Agreement in continuing to serve as [a director][an officer] of the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Definitions. For purposes of this Agreement:

    a. "Adjudged" shall mean adjudged finally by a court or arbitral or other authority of competent jurisdiction.

    b. "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; (iii) at any time, a majority of the members of the Board of Directors are not comprised of (A) individuals who were directors as of the Effective Date and/or (B) individuals whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved; or (iv) the Company retains or engages an external investment adviser to manage its assets and business.

c. "Corporate Status" means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise (A) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company, or (B) the management of which is controlled directly or indirectly by the Company; or (ii) if, as a result of Indemnitee's service to the Company, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof.

d. "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advancement of Expenses is sought by Indemnitee.

e. "Effective Date" has the meaning set forth in the first paragraph of this Agreement.

f. "Enterprise" shall mean (i) the Company and (ii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise which is an affiliate or wholly or partially owned subsidiary of the Company and of which the Indemnitee is or was serving as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary; and (iii) any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company.

g. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

h. "Expenses" means any and all disbursements or expenses incurred by Indemnitee in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding, including, without limitation, reasonable and out-of-pocket attorneys' fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement and any ERISA excise taxes and penalties. Expenses shall also include (i) expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium for, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent, (ii) expenses incurred in connection with recovery under any directors' and officers' liability insurance policies maintained by the Company, and (iii) expenses incurred by Indemnitee in establishing or enforcing [his][her] right to indemnification or reimbursement under this Agreement.

i. "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advancement of Expenses hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

j. "Jointly Indemnifiable Claims" shall mean any Proceeding for which the Indemnitee shall be entitled to indemnification, advancement of expenses or insurance from (i) the Company and/or any Enterprise pursuant to this Agreement, the charter or Bylaws or other governing documents of the Company or any Enterprise, any agreement or a resolution of the stockholders of the Company entitled to vote generally in the election of directors or of the Board of Directors, or otherwise, on the one hand, and (ii) any Third-Party Indemnitor pursuant to any agreement between any Third-Party Indemnitor and the Indemnitee pursuant to which the Indemnitee is indemnified, the laws of the jurisdiction of incorporation or organization of any Third-Party Indemnitor and/or the certificate of incorporation, certificate of organization, bylaws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or other organizational or governing documents of any Third-Party Indemnitor, on the other hand.

k. "Proceeding" means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand or discovery request or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature, including any appeal therefrom. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding. The term "Proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, defense, settlement, arbitration or appeal of, and the giving of testimony in or related to, any threatened, pending or completed claim, action, suit or other proceeding, whether of a civil, criminal, administrative or investigative nature.

l. "Third-Party Indemnitor" means any person or entity that has or may in the future provide to the Indemnitee any indemnification, exoneration, hold harmless or Expense advancement rights and/or insurance benefits other than (i) the Company, (ii) any Enterprise and (iii) any entity or entities through which the Company maintains liability insurance applicable to the Indemnitee.

2. Services by Indemnitee. The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce the Indemnitee to [continue to] serve as [a director/an officer] of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in [continuing to serve/serving] in such capacity. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee's service to the Company beyond any period otherwise required by law or by other agreements or commitments of the parties, if any. This Agreement shall not be deemed an employment contract between the Company (or any other entity) and Indemnitee.

3. Indemnification. The Company shall indemnify and hold harmless, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent not prohibited by (and not merely to the extent affirmatively permitted by) Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement, including any additional indemnification permitted by the charter or bylaws of the Company or Section 2-418(b) of the Maryland General Corporation Law (the "MGCL").

4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify and hold harmless Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless (and only to the extent) it is ultimately Adjudged that (i) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of active and deliberate dishonesty; (ii) Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that [his][her] conduct was unlawful.

5. Certain Limitations. Indemnitee shall not be entitled to:

   a. indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is Adjudged to be liable to the Company;

   b. indemnification hereunder if Indemnitee is Adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee; or

   c. indemnification or advancement of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to establish or enforce indemnification rights under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party, expressly provides otherwise.

6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement (other than Section 16), a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

   a. if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

   b. if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee

(i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper. However, indemnification with respect to any Proceeding by or in the right of the Company or in which liability shall have been adjudged in the circumstances described in Section 2-418(c) of the MGCL shall be limited to Expenses.

7. Partial Success. In addition to any other right to indemnification under any provision of this Agreement, and without limiting any such provision, if Indemnitee is not wholly successful in a Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each successfully resolved claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7, and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter. For the avoidance of doubt, in the event that Indemnitee is not wholly successful and is Adjudged liable, the Company shall indemnify Indemnitee to the maximum extent not prohibited by (and not merely to the extent affirmatively permitted by) Maryland law and as permitted by Sections 3, 4 5 and 6 of this Agreement.

8. Advancement of Expenses. If Indemnitee was, is, or is threatened to be, made a party to (or otherwise becomes a participant in) any Proceeding, the Company shall, without requiring a preliminary determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all reasonable Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. Such advance or advances shall be made within fifteen (15) days after the receipt by the Company of a statement or statements requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding, and may be in the form of, in the reasonable discretion of Indemnitee (but without duplication): (i) payment of such Expenses directly to third parties on behalf of Indemnitee; (ii) advancement to Indemnitee of funds in an amount sufficient to pay such Expenses; or (iii) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation and undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof, to reimburse the portion (if any) of any Expenses advanced to Indemnitee relating to claims, issues or matters in the Proceeding as to which it shall ultimately be Adjudged by clear and convincing evidence, that the standard of conduct has not been met by Indemnitee and which have not been successfully resolved as described in Section 7 of this Agreement. For so long as the Company is subject to the Investment Company Act of 1940 (the "Investment Company Act"), any advancement of Expenses shall be subject to at least

one of the following as a condition of the advancement: (a) Indemnitee shall provide appropriate security for [his][her] undertaking, (b) the Company shall be insured against losses arising by reason of any lawful advances or (c) a majority of a quorum of the Disinterested Directors, or Independent Counsel in a written report based on a review of readily available facts, shall determine that there is no reason to believe that Indemnitee ultimately will be found to not be entitled to indemnification. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

9. Indemnitee as Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee was, is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, whether instituted by the Company or any other party, and to which Indemnitee is not a party, Indemnitee shall be advanced all reasonable Expenses and indemnified and held harmless against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within fifteen (15) days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advancement of Expenses, the Company may require Indemnitee to provide a written affirmation and undertaking substantially in the form attached hereto as Exhibit A.

10. Procedure for Determination of Entitlement to Indemnification.

    a. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary or appropriate to determine whether and to what extent Indemnitee is entitled to indemnification. Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors of the Company that Indemnitee has requested indemnification by the Company.

    b. Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall promptly be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the

Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by Indemnitee and approved by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL, which approval shall not be unreasonably withheld; or (ii) if a Change in Control shall not have occurred, (A) by the Board of Directors by a majority vote of a quorum consisting of Disinterested Directors or, if such a quorum cannot be obtained, then by a majority vote of a duly authorized committee of the Board of Directors consisting solely of one or more Disinterested Directors, (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, or (C) if so directed by at least a majority of the members of the Board of Directors, the stockholders of the Company. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within fifteen (15) days after such determination. Indemnitee shall cooperate with the Company (including Independent Counsel selected by the Company) in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to the Company, upon reasonable advance written request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such determination in the discretion of the Board of Directors or Independent Counsel, as applicable; provided, however Indemnitee shall not be required to waive any applicable privilege or work product protection. Any Expenses incurred by Indemnitee in so cooperating with the Company or Independent Counsel shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company shall indemnify and hold Indemnitee harmless therefrom.

c. The Company agrees to pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. In no event shall the Indemnitee be required or requested to pay any such fees or expenses or to provide any such indemnification.

11. Presumptions and Effect of Certain Proceedings.

a. In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden to overcome that presumption in connection with the making of any determination contrary to that presumption.

b. The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of nolo contendere or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

c. The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

d. For purposes of any determination as to Indemnitee's entitlement to indemnification, Indemnitee shall be presumed to have met the standard of conduct for indemnification if, among other things and without limitation, Indemnitee relied on any information, opinion, report or statement, including any financial statement or other financial data or the records or books of account of the Company or any Enterprise, prepared or presented by an officer or employee of the Company or any Enterprise whom Indemnitee reasonably believed to be reliable and competent in the matters presented, by a lawyer, certified public accountant, appraiser or other person, as to a matter which Indemnitee reasonably believed to be within the person's professional or expert competence, or, if Indemnitee was serving on the Board of Directors of the Company or as a member of any similar body of any Enterprise, by a committee of the Board of Directors or such other body on which Indemnitee does not serve, as to a matter within its designated authority, if Indemnitee reasonably believes the committee to merit confidence. The provisions of this Section 11(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee met, or be presumed to have met, the applicable standard of conduct set forth in this Agreement.

e. For purposes of this Agreement, Indemnitee shall be considered to have been wholly successful with respect to any Proceeding if such Proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) it being Adjudged that Indemnitee was liable to the Company, (iii) a plea of guilty by Indemnitee, (iv) it being Adjudged that an act or omission of Indemnitee was material to the matter giving rise to the Proceeding and was (A) committed in bad faith or (B) the result of Indemnitee's active and deliberate dishonesty, (v) it being Adjudged that Indemnitee actually received an improper personal benefit in money, property or services or (vi) with respect to any criminal proceeding, it being Adjudged that Indemnitee had reasonable cause to believe the act or omission was unlawful.

12. Remedies of Indemnitee.

a. If (i) a determination is made pursuant to Section 10(b) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement; (ii) advancement of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement; (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(b) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification; (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within fifteen (15) days after receipt by the Company of a written request therefor; or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or bylaws of the Company is not made within fifteen (15) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland or in any other court of competent jurisdiction, with regard to Indemnitee's entitlement to indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce [his][her] rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

b. In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advancement of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

c. If a determination shall have been made pursuant to Section 10(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

d. In the event that Indemnitee, pursuant to this Section 12, seeks a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to advancement from the Company, and shall be indemnified and held harmless by the Company for, any and all Expenses actually and reasonably incurred by [him][her] in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advancement of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

e. Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the 10th day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

13. Defense of Underlying Proceeding.

a. Indemnitee shall notify the Company promptly in writing upon being served with or receiving any summons, citation, subpoena, complaint, indictment, notice, request or other document relating to any Proceeding which may result in the right to indemnification or the advancement of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advancement of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

b. Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder using a law firm of the Company's choice, subject to the prior written approval of the Indemnitee, which shall not be unreasonably withheld; provided, however, that the Company shall notify Indemnitee in writing of any such decision to defend within fifteen (15) calendar days following receipt of notice of any such Proceeding under Section 13(a) above. Indemnitee shall have the right to retain a separate law firm in any such Proceeding at Indemnitee's sole expense. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise of a claim against Indemnitee which (i) includes an admission of fault of Indemnitee; (ii) does not include, as an unconditional term thereof, (A) the full release with prejudice of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee and (B) the complete dismissal of all claims against the Indemnitee with prejudice; or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement, a Proceeding by or in the right of the Company or in the case of clause (ii) of Section 13(c).

c. Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party, (i) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon advice of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject, except in the case of (ii) or (iii) above, to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

14. Jointly Indemnifiable Claims. Given that certain Jointly Indemnifiable Claims may arise, the Company acknowledges and agrees that the Company shall, and to the extent applicable shall cause any Enterprise to (i) be fully and primarily responsible for, and be the indemnitor of first resort with respect to, payment to or payment on behalf of the Indemnitee in respect of indemnification or advancement of Expenses in connection with any such Jointly Indemnifiable Claim, irrespective of any right of recovery the Indemnitee may have from the Third-Party Indemnitors, and (ii) be required to advance the full amount of Expenses incurred by the Indemnitee and shall be liable for the full amount of all Expenses, judgments, fines, penalties and amounts paid in settlement to the extent not prohibited by (and not merely to the extent affirmatively permitted by) applicable law and as required by the terms of this Agreement, without regard to any rights the Indemnitee may have against the Third-Party Indemnitors. Under no circumstance shall the Company or any Enterprise be entitled to, and the Company hereby irrevocably waives, relinquishes and releases, any claims against the Third-Party Indemnitors for subrogation, contribution or recovery of any kind and no right of advancement or recovery the Indemnitee may have from the Third-Party Indemnitors shall reduce or otherwise alter the rights of the Indemnitee or the obligations of the Company or any Enterprise. The Company further agrees that no advancement or payment by any Third-Party Indemnitor on behalf of Indemnitee with respect to any Proceeding for which Indemnitee has sought indemnification, exoneration or hold harmless rights from the Company shall affect the foregoing and the Third-Party Indemnitor(s) shall have a right to receive from the Company, contribution and/or be subrogated, to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and the Indemnitee agree that each of the Third-Party Indemnitors shall be third-party beneficiaries with respect to this Agreement entitled to enforce this Section 14 as though each such Third-Party Indemnitor were a party to this Agreement.

15. Non-Exclusivity; Survival of Rights; Subrogation.

    a. The rights of indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under (i) applicable law (including, but not limited to, the MGCL), (ii) the charter or bylaws of the Company, (iii) any agreement or (iv) a resolution of (A) the stockholders entitled to vote generally in the election of directors or (B) the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in [his][her] Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

b. Except as set forth in Section 14, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

16. Insurance.

a. The Company shall purchase and maintain a policy or policies of directors and officers insurance with reputable insurance companies. The Company shall continue to provide such insurance coverage to Indemnitee and such insurance policies shall have coverage terms and policy limits at least as favorable to Indemnitee as the insurance coverage provided to any other director or officer of the Company. If the Company has such insurance in effect at the time it receives from Indemnitee any notice of the commencement of an action, suit, proceeding or other claim, the Company shall give prompt notice of the commencement of such action, suit, proceeding or other claim to the insurers and take such other actions in accordance with the procedures set forth in the policy as required or appropriate to secure coverage of Indemnitee for such action, suit, proceeding or other claim. The Company shall thereafter take all reasonably necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such action, suit, proceeding or other claim in accordance with the terms of such policy. In the event of a Change in Control that would result in a loss or cancellation of the Company directors' and officers' insurance policy or policies, the Company shall purchase a directors and officers "Tail" insurance policy or policies to provide coverage to the Company's directors and officers for a period of six (6) years after such Change in Control, but only with respect to coverage for claims arising from wrongful acts, errors or omissions occurring before such Change in Control.

b. Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 16(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

17. Other Sources; Investment Company Act. Notwithstanding any other provision of this Agreement, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that (i) Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise, except as otherwise provided in Section 14 to this Agreement, or (ii) for so long as the Company is subject to the Investment Company Act, indemnification or payment or reimbursement of Expenses would not be permissible under the Investment Company Act, whether pursuant to Section 17(h) of the Investment Company Act or otherwise. In addition, for so long as the Company is subject to the Investment Company Act of 1940, the presumptions, considerations and similar provisions set forth in Section 11(d) and (e) of this Agreement shall be of no force or effect to the extent inconsistent with the Investment Company Act and shall otherwise be construed in a manner to include any additional conditions, restrictions or references required to be contained therein by the Investment Company Act, including, without limitation, the disabling conduct set forth in Section 17(h) of the Investment Company Act.

18. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, with respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

19. Miscellaneous.

    a. This Agreement shall be effective as of the Effective Date and may apply to acts or omissions of Indemnitee taken in or in connection with Indemnitee's Corporate Status which occurred prior to such date if Indemnitee was an officer, director, employee or agent of the Company or was a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any Enterprise at the time such act or omission occurred.

b. This Agreement shall continue until and terminate on the later of: (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

c. The indemnification and advancement of Expenses provided by, or granted pursuant to, this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all, substantially all or a substantial part, of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

d. If, by reason of Indemnitee's Corporate Status, Indemnitee's spouse is made a party to any Proceeding, the Company shall indemnify and hold harmless Indemnitee's spouse against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee's spouse in connection with any such Proceeding unless (and only to the extent) it is ultimately Adjudged that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty; (b) Indemnitee actually received an improper personal benefit in money, property or services; or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that [his][her] conduct was unlawful. Further, Indemnitee's spouse shall not be entitled to (x) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is Adjudged to be liable to the Company; (y) indemnification hereunder if Indemnitee is Adjudged to be liable on the basis that personal benefit was improperly received in any Proceeding charging improper personal benefit to Indemnitee; or (z) indemnification or advancement of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to establish or enforce indemnification rights under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the Company's charter or bylaws, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party, expressly provides otherwise. The foregoing right to indemnification shall include, without limitation, any Proceeding that seeks damages recoverable from marital community property, jointly-owned property or property purported to have been transferred from the Indemnitee to his or her spouse (or former spouse); provided that Indemnitee is indemnified and held harmless for the same pursuant to this Agreement. The Indemnitee's spouse or former spouse also shall be entitled to advancement of Expenses to the same extent that Indemnitee is entitled to advancement of Expenses herein. The Company may maintain insurance to cover its obligation hereunder with respect to Indemnitee's spouse (or former spouse) or set aside assets in a trust or escrow fund for that purpose.

e. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

f. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such injunctive relief and/or specific performance, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

g. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

h. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

i. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand or overnight courier service and receipted for by the party to whom said notice, request, demand or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed: (i) if to Indemnitee, to the address set forth on the signature page hereto; or (ii) if to the Company, to Triangle Capital Corporation, 3700 Glenwood Avenue, Suite 530, Raleigh, NC 27612, Attn: Corporate Secretary; or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

j. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

k. This Agreement may be executed in one or more counterparts (delivery of which may be in electronic format), each of which shall for all purposes be deemed to be an original and all of which together shall constitute one and the same Agreement. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written:

TRIANGLE CAPITAL CORPORATION

By: ____________________
Name: ____________________
Title: ____________________

[INDEMNITEE]

____
Address: ____________________

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Triangle Capital Corporation

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to the Indemnification Agreement, dated as of January 16, 2018, by and between Triangle Capital Corporation, a Maryland corporation (the “Company”), and me as the undersigned Indemnitee (the “Indemnification Agreement”), pursuant to which I am entitled to advancement of Expenses in connection with [Description of Proceeding] (the “Proceeding”).

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as [a director][an officer] of the Company, in any of the facts or events giving rise to the Proceeding, I (i) did not act with will misfeasance,* bad faith, gross negligence,* active and deliberate dishonesty or reckless disregard of duties,* (ii) did not receive any improper personal benefit in money, property or services and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advancement of Expenses by the Company for Expenses incurred by me in connection with the Proceeding (the “Advanced Expenses”), I hereby agree that if, in connection with the Proceeding, it is Adjudged that (i) an act or omission by me was material to the matter giving rise to the Proceeding and (A) was committed in bad faith or (B) was the result of willful misfeasance,* gross negligence,* active and deliberate dishonesty or reckless disregard of duty,* (ii) I actually received an improper personal benefit in money, property or services, or (iii) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this _____ day of _______________, 20____.

Name: ___________________________

* These references can be deleted in any Affirmation and Undertaking if at the time of the submission thereof the Company is no longer subject to the Investment Company Act of 1940.

Exhibit 10.24

FORM OF AMENDMENT TO EXECUTIVE RETENTION AGREEMENT

This Amendment modifies the terms of that certain Executive Retention Agreement (" **Agreement**") entered into by and between Triangle Capital Corporation, a Maryland corporation ("**Company**"), and __________________ ("**Executive**"), effective as of the 15 th day of November, 2017.

WITNESSETH:

WHEREAS, the Company and the Executive desire to supplement the terms of the Agreement; and

WHEREAS, all capitalized terms used herein shall have the meaning set forth in the Agreement.

NOW, THEREFORE, this Amendment sets forth the supplementary agreement between the Company and the Executive regarding certain consequences of a Change in Control.

1. Successor Employer. If (a) the Change in Control involves a sale or other disposition of all or substantially all of the assets of the Company or the retention of an external manager for the Company, as contemplated by Sections 1(e) and 1(f), respectively, of the definition of "Change in Control" in the Agreement, and (b) the Executive's employment with the Company is considered legally terminated in connection with such a Change in Control, and (c) the purchaser of all or substantially all of the Company's assets, or the external manager, as applicable, assumes the Agreement, then for purposes of clarification, such purchaser or external manager (as applicable) shall be considered a successor to the Company for purposes of the Agreement, meaning the Executive's employment with the Company shall not be deemed to have terminated under the terms of the Agreement as a result of such actions; provided, however, that the Agreement, as modified and supplemented by this Amendment, and as assumed by the successor, will continue to apply to the Executive and any subsequent termination of employment of the Executive.

2. Vesting of Outstanding Equity Awards . Notwithstanding anything to the contrary in paragraph 1 above or in the Agreement, upon the consummation of a Change in Control, the Executive shall be fully vested in his or her outstanding equity awards under the Company's Omnibus Incentive Plan (and under any equity incentive plan maintained by the Company) as of the date of the Change in Control (as defined in the Agreement, which is slightly broader than the definition in the Omnibus Incentive Plan).

3. Severance Benefits.

3.1. 401(k) Benefit. The regular non-elective contribution paid by the Company to its 401(k) plan on behalf of the Executive contemplated by Section 3.3(iii) of the

Agreement shall include both annual safe harbor contributions as well as discretionary profit-sharing contributions paid by the Company.

3.2. Welfare Benefit Plans. The Insurance Coverage contemplated by Section 3.4 of the Agreement shall include Company-paid premiums for “family” COBRA coverage (covering the Executive’s spouse and/or dependents), provided the Executive’s spouse and/or dependents are “qualified beneficiaries” under COBRA as of the Date of Termination and the Executive timely elects to receive such COBRA coverage.

3.3. One-Time Benefits. Each of the Termination Benefits described in Section 3 of the Agreement shall be payable to the Executive only once. For the avoidance of doubt, if any Termination Benefit is paid in connection with a Change in Control, such Termination Benefit shall not be payable under the Agreement with respect to any subsequent Change in Control.

4. Miscellaneous. This Amendment shall amend the Agreement effective as of the date of the Agreement and shall be considered an integral part of the Agreement. All other terms of the Agreement shall apply to this Amendment, including that this Amendment will be binding on the executors, heirs, administrators, successors and assigns of the Executive and the successors and assigns of the Company.

IN WITNESS WHEREOF, this Amendment has been signed as of February ___, 2018.

TRIANGLE CAPITAL CORPORATION

By: ________________________________
E. Ashton Poole, Chief Executive Officer

____
Executive

Exhibit 10.25

TRIANGLE CAPITAL CORPORATION
AMENDED AND RESTATED CHANGE IN CONTROL RETENTION POLICY

PREAMBLE

Triangle Capital Corporation has established this Amended and Restated Change in Control Retention Policy (the "Policy") with the intention of providing Severance Benefits to Eligible Employees in the event of their involuntary termination of employment by the Company without "Cause" in connection with a "Change in Control." The Policy is intended to be a welfare benefit plan under ERISA and an unfunded plan under the Code.

SECTION 1
DEFINITIONS

The following definitions shall apply to this Policy unless the context requires otherwise:

1.1 Base Salary. The Eligible Employee's weekly rate of base salary in effect on his or her Termination Date.

1.2 Board. The board of directors of the Company.

1.3 Cause. The Company shall have Cause to terminate an Eligible Employee's employment, if the Eligible Employee:

1.3.1 Has violated any Company policy; or

1.3.2 Has been arrested for, convicted of, or has pled guilty or nolo contendere to, any felony, or to any misdemeanor involving moral turpitude (including forgery, fraud, theft or embezzlement); or

1.3.3 Has been arrested for, convicted of, or has pled guilty or nolo contendere to, any offense involving fraud, dishonesty, breach of trust or money laundering; or

1.3.4 Has engaged in dishonesty or fraud in connection with the business of the Company, or has stolen property or opportunities of the Company, or has assaulted or battered a worker for the Company; or

1.3.5 Has failed substantially to perform his or her assigned duties with the Company (other than a failure resulting from the Eligible Employee's incapacity due to physical or mental illness); or

1.3.6 Has engaged in willful malfeasance, gross negligence or misconduct demonstrably injurious to the Company; or

1.3.7 Has failed to perform the essential functions of his or her duties in a manner reasonably satisfactory to the Company's Chief Executive Officer.

1.4 Change in Control. The Company shall be deemed to have had a Change in Control when any of the following events occur:

1.4.1 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 an Affiliate (as defined in 1.4.7 below) 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);

1.4.2 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, 50% or less 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;

1.4.3 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 Section 1.4.1 or Section 1.4.2 above or Section 1.4.4 or Section 1.4.5 below;

1.4.4 a complete liquidation or dissolution of the Company;

1.4.5 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); and

1.4.6 the effective date of any agreement by the Company with a third party to direct the management of, or oversee the management of, all, or any substantial part, of the operations of the Company.

1.4.7 For purposes of a Change in Control, an “Affiliate” shall mean any wholly-owned subsidiary of the Company.

1.5 Code. The Internal Revenue Code of 1986, as amended, and any successor statute thereto.

1.6 Company. Triangle Capital Corporation and its successors, including any person or third party described in Sections 1.4.5 and 1.4.6.

1.7 Disability. A physical or mental infirmity which impairs the Eligible Employee’s ability to substantially perform his or her duties with the Company and entitles the Eligible Employee to long term disability income replacement benefits under a plan sponsored by the Company or under Social Security.

1.8 Eligible Employee. Each full-time employee of the Company, excluding (a) any employee who has entered into an Executive Retention Agreement or similar written arrangement providing severance benefits upon termination of his or her employment (whether or not in connection with a Change in Control), and who remains a party to such Executive Retention Agreement as of the date his or her employment is terminated, (b) any employee of the Company that has been paid all Severance Benefits under this Policy, and (c) any employee of the Company who was not employed by the Company immediately prior to the Change in Control.

1.9 ERISA. The Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

1.10 Excluded Termination. The Termination of an Eligible Employee's employment with the Company as a result of his or her death, Disability, Termination for Cause by the Company, or voluntary termination without Good Reason.

1.11 Good Reason. An Eligible Employee shall have Good Reason to terminate his or her employment, if without his or her consent, the Company:

1.11.1 Has reduced the Eligible Employee's Base Salary by more than five percent (5%); or

1.11.2 (a) Has relocated the office of the Company to which the Eligible Employee reports to a location outside the greater Raleigh, North Carolina metropolitan area, or (b) after the Change in Control, requires the Eligible Employee to travel on Company business to a substantially greater extent than required immediately prior to the Change in Control; but

1.11.3 Notwithstanding anything to the contrary contained in this Section 1.11, an Eligible Employee shall not have Good Reason, and shall not be deemed a Participant entitled to any Severance Benefits, unless and until: (a) the Eligible Employee has delivered to the Company within sixty (60) days of the event(s) giving rise to such alleged Good Reason a written notice (i) signed by the Eligible Employee, (ii) setting forth the Eligible Employee's intention to terminate his or her employment for Good Reason, (iii) indicating the specific termination provision(s) relied upon, and (iv) setting forth in reasonable detail the facts and circumstances claimed to provide a basis for Good Reason; (b) the Company is given thirty (30) days in which to investigate the allegations made by the Eligible Employee ("Investigation Period"), provided that during such Investigation Period the Company, at its sole election, may suspend the Eligible Employee's employment with pay; and (c) the Company has failed to cure the alleged failure within thirty (30) days following the expiration of the Investigation Period. The notice shall be provided by hand delivery, or registered or certified mail, return receipt requested, postage prepaid, to the address of the principal office of the Company, attention: Principal Executive Officer.

1.12 Policy. This Triangle Capital Corporation Change in Control Retention Policy, as amended from time to time.

1.13 Pro-Rata Bonus. An amount equal to the annual cash bonus, if any, which the Eligible Employee is eligible to earn during the twelve-month performance period in which the Termination occurs, multiplied by a fraction, the numerator of which is the number of days in the twelve-month performance period in which the Eligible Employee's Termination occurs that have elapsed through and including the Termination Date, and the denominator of which is 365. If an Eligible Employee traditionally has been eligible for a bonus, but does not have a target bonus for the twelve-month performance period, the amount of the annual cash bonus contemplated in the preceding sentence shall be determined in good faith by the Company, consistent with past practice vis-à-vis the Eligible Employee.

1.14 Release Agreement. A written agreement in a form provided by the Company by which a Participant releases any and all claims he or she might have against the Company, its affiliates and their agents in exchange for the Severance Benefits. The Release Agreement will be generally effective for any claims against the Company through the date the agreement is signed, but will not cover any claims or appeal processes set forth in any tax-qualified retirement plan or fully-insured ERISA plan sponsored by the Company. The Release Agreement will not be valid unless it is signed and returned after the date of the Eligible Employee's Termination Date and within forty-five (45) days thereof (or other time period prescribed by the Company), and the Participant does not revoke such Release Agreement. Failure to sign and return the Release Agreement within the prescribed period, or revocation of the Release Agreement, will result in Eligible Employee being ineligible to be a Participant or receive Severance Benefits under the Policy.

1.15 Severance Benefits. The benefits set forth in Section 3 below.

1.16 Severance Period. The period commencing on a Participant's Termination Date and extending for the applicable period set forth in Section 3.1.1(d).

1.17 Termination. The termination of employment from the Company of an Eligible Employee.

1.18 Termination Date. The last day of active employment. For these purposes, a Participant will be deemed to have terminated on the last day of employment at 5:00 p.m. Eastern time. To the extent the Severance Benefits constitute "deferred compensation" under Code Section 409A, the Termination Date shall be not later than the date the Eligible Employee has a "Separation from Service," as defined in Code Section 409A.

1.19 Termination Without Cause. (i) The Company's Termination of an Eligible Employee's employment for any reason other than an Excluded Termination, or (ii) the Eligible Employee's Termination for Good Reason.

1.20 Weekly Base Salary and Bonus. The Participant's weekly Base Salary plus 1/52nd of the greater of (i) the annual cash bonus received by the Participant for the last full twelve-month performance period ending coincident with or immediately preceding the Termination Date or (ii) if the Participant's annual cash bonus target has increased (due to promotion or otherwise) since the end of the last full twelve-month performance period, the Participant's annual cash bonus target as of the Termination Date.

SECTION 2
ELIGIBILITY

An Eligible Employee will become a Participant entitled to Severance Benefits under Section 3 only if the Administrator has determined that:

2.1.1 his or her employment is a Termination Without Cause coincident with or within twenty-four (24) months following the consummation of a Change in Control; and

2.1.2 he or she is not receiving, or eligible to receive, severance benefits under an employment, termination or other agreement with the Company that provides for separation payments and/or severance benefits following a termination for any reason; and

2.1.3 he or she has entered into, and has not revoked, a Release Agreement within forty-five (45) days of the Termination Date.

2.1. Notwithstanding anything to the contrary contained in this Section 2, if (a) the Change in Control involves a sale or other disposition of all or substantially all of the assets of the Company or the retention of an external manager for the Company, as contemplated by Sections 1.4.5 or 1.4.6, respectively, and (b) the Eligible Employee's employment with the Company is considered legally terminated in connection with such a Change in Control, and (c) the purchaser of all or substantially all of the Company's assets, or the external manager, as applicable, (1) offers the Eligible Employee employment on terms and conditions which (A) are materially similar in the aggregate as the terms and conditions such Eligible Employee enjoys with the Company as of the date of such Change in Control, and (B) do not constitute Good Reason, and (2) assumes this Policy, then such purchaser or external manager (as applicable) shall be considered a successor to the Company for purposes of this Policy, meaning the Eligible Employee's employment with the Company shall not be deemed to have terminated under the terms of the Policy as a result of such actions, and the Eligible Employee shall not become a Participant as a result of such actions and shall not become entitled to Severance Benefits as a result of such actions; provided, however, that this Policy, as assumed by the successor, will continue to apply with respect to such Eligible Employee and any subsequent termination of employment of the Eligible Employee.

SECTION 3
SEVERANCE BENEFITS

General. If an Eligible Employee becomes a Participant, he or she shall be entitled to receive the following Severance Benefits:

3.1.1. Cash:

a. Accrued and unused vacation through the Termination Date.

b. Annual cash bonus for any past completed twelve-month performance period which has not yet been paid as of the Termination Date (which bonus, if not already determined, shall be determined in good faith by the Company, consistent with past practice vis-à-vis the Eligible Employee).

c. A Pro-Rata Bonus.

d. Severance equal to the Participant's Weekly Base Salary and Bonus multiplied by the number of weeks calculated by adding the "Base" and "Seniority" weeks set forth in the chart below, but not in excess of the applicable "Maximum":

POSITION	BASE	SENIORITY	MAXIMUM
Vice President (or above)	12 weeks	2 weeks/Year of Service	35 weeks
Non-officer	6 weeks	2 weeks/Year of Service	35 weeks

Notwithstanding the foregoing, the minimum severance under this clause 3.1.1(d) shall be $15,000.

e. The amounts described in clauses (a) through (d) above shall be payable in a single lump sum cash payment on the Company's first regularly-scheduled payroll date following sixty (60) days after his or her Termination Date, provided that, to receive the amounts described in clauses (c) and (d), the Participant has executed and not revoked a Release Agreement.

3.1.2. Equity. As of the Company's first regularly-scheduled payroll date following sixty (60) days after his or her Termination Date, the Participant shall be fully vested in any equity awards previously granted by the Company to the Participant, provided that the Participant has executed and not revoked a Release Agreement.

3.1.3. Life Insurance. For each Participant who is a Vice President (or above), the Company shall pay the term life insurance premiums which become due during the twelve-month period immediately following his or her Termination Date, provided that the Participant has executed and not revoked a Release Agreement.

3.1.4. COBRA Health Benefits. If a Participant elects within sixty (60) days of the Termination Date to continue his or her Company-sponsored medical and/or dental benefits through COBRA ("Insurance Coverage"), the Company shall pay the premiums for such Insurance Coverage for the lesser of (i) the Severance Period, or (ii) any shorter period for which Participant is eligible to receive such Insurance Coverage under COBRA, provided that the Participant has executed and not revoked a Release Agreement. Such Company-paid premiums shall include "family" COBRA coverage (covering the Participant's spouse and/or dependents), provided the Participant's spouse and/or dependents are "qualified beneficiaries" under COBRA as of the Termination Date and the Participant timely elects to receive such COBRA coverage.

3.1 Tax Withholding. The Company shall be entitled to reduce the Severance Benefits for applicable payroll withholding, but the Participant shall be responsible for the payment of all federal, state and local taxes due and owing in connection with any Severance Benefits.

3.2 Mitigation. A Participant shall not be required to mitigate the Severance Benefits by seeking other employment.

3.3 Section 409A. Notwithstanding any provision of this Policy to the contrary, if, at the time of Participant's Termination, he or she is a "specified employee" as defined in Section 409A of the Code, and one or more of the payments or benefits received or to be received by a Participant pursuant to this Policy would constitute deferred compensation subject to Section 409A, no such payment or benefit will be provided under this Policy until the earlier of: the date that is six (6) months following Participant's Termination; or the Participant's death. The provisions of this Section 3.4 shall only apply to the extent required to avoid Participant's incurring any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder. In addition, if any provision of this Policy would cause Participant to incur any penalty tax or interest under Section 409A of the Code or any regulations or Treasury guidance promulgated thereunder, the Company 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. For purposes of Section 409A, each payment made after termination of employment will be considered one of a series of separate payments.

SECTION 4
VESTING OF EQUITY

4.1. An Eligible Employee who is employed by the Company upon the consummation of a Change in Control shall be fully vested in his or her outstanding equity awards under the Company's Omnibus Incentive Plan (and under any equity incentive plan maintained by the Company) as of the date of the Change in Control.

SECTION 5
ADMINISTRATION

5.1 Administration. The Policy shall be administered by the Chief Executive Officer of the Company ("Administrator").

5.2 Powers of the Administrator. The Administrator has absolute discretionary authority to make all decisions under this Policy, including:

5.2.1 To adopt rules of procedure (including distribution procedures) necessary for the administration of the Policy, provided the rules are not inconsistent with the terms of the Policy;

5.2.2 To interpret and enforce all provisions of the Policy;

5.2.3 To determine all questions with respect to rights of Participants under the Policy, including but not limited to rights of eligibility of a Participant to participate in the Policy, and the amounts of Severance Benefits;

5.2.4 To review and render decisions with respect to a claim for (or denial of a claim for) Severance Benefits under the Policy;

5.2.5 To furnish the Company with information which the Company may require for applicable reporting and disclosure provisions of state and Federal laws, including tax, securities or other purposes;

5.2.6 To engage the service of counsel (who may, if appropriate, be counsel for the Company), accountants and other third parties whom it may deem advisable to assist the Administrator with the performance of its duties hereunder;

5.2.7 To receive from the Company and from Participants such information as shall be necessary for the proper administration of the Policy; and

5.2.8 To report, as appropriate, to the Board on the operation and status of the Policy.

5.3 Decisions of the Administrator. All decisions of the Administrator are final, binding and conclusive.

SECTION 6

COMPANY ADMINISTRATIVE PROVISIONS

6.1 Amendment or Termination. The Policy may be amended or terminated by the Board or Administrator at any time and from time to time when, in its absolute discretion, such amendment or termination is necessary or desirable, provided that the Policy may not be terminated or amended in any manner adverse to (i) an Eligible Employee during the twenty-four (24) months immediately following the consummation of the first Change in Control following the adoption of this Policy, or (ii) any Participant who is receiving Severance Benefits at the time of such amendment or termination. All exercises of power by the Board or Administrator shall be final, conclusive and binding on all interested parties.

6.2 Claim Procedure.

6.2.1 In General. If a Participant's written claim for Severance Benefits is denied, the Company will furnish written notice of denial to the Participant making the claim (the "Claimant") within sixty (60) days of the date the claim is received, unless special circumstances require an extension of time for processing the claim. This extension will not exceed sixty (60) days, and the Claimant must receive written notice stating the grounds for the extension and the length of the extension within the initial sixty (60) day review period. If the Company does not provide written notice within such time period, the Claimant may deem the claim denied and seek review according to the appeals procedures set forth below.

6.2.2 Denial Notice. The notice of denial to the Claimant shall state: (i) the specific reasons for the denial; (ii) specific references to pertinent provisions of the Policy upon which the denial was based; (iii) a description of any additional material or information needed for the Claimant to perfect his or her claim and an explanation of why the material or information is needed; and (iv) a statement that the Claimant may request a review, upon written application to the Administration Committee, submitted to the Administrator within ninety (90) days after the Claimant receives notice of denial of benefits. The notice of denial of benefits shall identify the name and address of the Administrator to which the Claimant may forward an appeal. The notice may state that failure to appeal the action to the Administrator in writing within the ninety (90) day period will render the determination final, binding and conclusive.

6.3 Appeal Procedure. If the Claimant appeals to the Administrator, the Claimant or his or her authorized representative may submit in writing whatever issues and comments he or she believes to be pertinent to the appeal. The Administrator shall examine all facts related to the appeal and make a final determination about whether the denial of benefits is justified under the circumstances. The Administrator shall advise the Claimant in writing of: (i) its decision on appeal; (ii) the specific reasons for the decision; and (iii) the specific provisions of the Policy upon which the decision is based. Notice of the Administration Committee's decision shall be given within sixty (60) days of the Claimant's written request for review, unless additional time is required due to special circumstances. In no event shall the Administrator render a decision on an appeal later than one hundred twenty (120) days after receiving a request for a review.

6.4 Limitations. All Claimants must exhaust the claims and appeals procedures set forth in Sections 6.2 and 6.3 before being entitled to file suit regarding a claim denial. The right to bring any suit regarding a claim denial shall lapse on the first anniversary of the date of the denial from the Administrator.

SECTION 7

MISCELLANEOUS PROVISIONS

7.1. Governing Law. To the extent not preempted by ERISA, the terms of the Policy shall be governed by, and construed and enforced in accordance with, the laws of the State of North Carolina (without regard to the choice of laws rules thereof), including all matters of construction, validity and performance. The exclusive venue for any suit regarding the Policy, including any claim for benefits under the Policy, shall be the state or federal courts located in the State of North Carolina.

7.2. Spendthrift Clause. Severance Benefits under the Policy shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge prior to actual receipt thereof by a Participant. Any attempt to so anticipate, alienate, sell, transfer, assign, pledge, encumber or charge prior to such receipt shall be void. The Company shall not be liable in any manner for, or subject to, the debts, contacts, liabilities, engagements or torts of any person entitled to any Severance Benefits under the Policy. No benefit, payment or distribution under this Policy, or right to receive such a benefit, payment or distribution shall be subject either to the claim of any creditor of a Participant or to attachment, garnishment, levy (other than Federal tax levy under Section 6331 of the Code), execution or other legal or equitable process by any creditor of such person.

7.3. Employment at Will. Nothing contained herein shall confer upon any Eligible Employee the right to be retained in the service of the Company, nor limit the right of the Company, to discipline, discharge or otherwise deal with any Eligible Employee without regard to the existence of the Policy.

7.4. Unfunded. The Policy shall at all times be entirely unfunded, and no provision shall at any time be made with respect to segregating assets of the Company for payment of any Severance Benefits hereunder. No Participant or any other person shall have any interest in any particular assets of the Company by reason of the right to receive Severance Benefits under the Policy, and any such Participant or any other person shall have only the rights of a general unsecured creditor of the Company with respect to any rights under the Policy.

7.5. Indemnification. The Company shall indemnify each member of the Board and the Administrator, and each employee of the Company to whom the board or the Administrator delegates any duty or authority under this Policy, for any liability, assessment, loss, expense, or other cost of any kind or description whatsoever, including all reasonable legal fees and expenses, actually incurred by such individual on account of any action, allegation or proceeding, actual or threatened, which arises as a result of any responsibility (including any delegated responsibility) under the Policy, provided such action, allegation or proceeding does not arise as a result of the individual's own gross negligence, willful misconduct or lack of good faith. The indemnity shall survive the termination of the person's (i) term on the Board, and (ii) employment with the Company.

7.6. Savings Clause. In the event that any one or more of the terms, conditions, provisions, or any part thereof, contained in this Policy, or the application thereof to any person or circumstance, shall for any reason, in any respect, or to any extent be held to be invalid, illegal or unenforceable by any court or governmental agency of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect the remainder of such term, condition or provision, or any other provision of this Policy, or the application thereof, and the Policy shall be construed as if such invalid, illegal or unenforceable term, condition or provision had never been part of the Policy.

Pursuant to the authority delegated to me by the Board, this Policy is hereby adopted effective as of the date hereof, and supersedes any prior policy with respect to the matters addressed herein.

/s/ E. Ashton Poole	February 8, 2018
E. Ashton Poole, Chief Executive Officer	

Exhibit 21.1

LIST OF SUBSIDIARIES

Triangle Mezzanine Fund LLLP, a North Carolina limited liability limited partnership

Triangle Mezzanine Fund II LP, a Delaware limited partnership

Triangle Mezzanine Fund III LP, a Delaware limited partnership

New Triangle GP, LLC, a Delaware limited liability company

New Triangle GP, LLC, a North Carolina limited liability company

ARC Industries Holdings, Inc., a Delaware corporation

Brantley Holdings, Inc., a Delaware corporation

Emerald Waste Holdings, Inc., a Delaware corporation

Energy Hardware Holdings, Inc., a Delaware corporation

Minco Holdings, Inc., a Delaware corporation

Peaden Holdings, Inc., a Delaware corporation

Technology Crops Holdings, Inc., a Delaware corporation

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-218459) pertaining to the Triangle Capital Corporation Omnibus Incentive Plan,

(2) Registration Statement (Form S-8 No. 333-141827) pertaining to the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan, and

(3) Registration Statement (Form S-8 No.333-185892), pertaining to the Triangle Capital Corporation 2007 Equity Incentive Plan;

of our reports dated February 28, 2018, with respect to the consolidated financial statements of Triangle Capital Corporation and the effectiveness of internal control over financial reporting of Triangle Capital Corporation included in the Annual Report (Form 10-K) for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Raleigh, North Carolina
February 28, 2018

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 annual report on Form 10-K 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

February 28, 2018

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 annual report on Form 10-K 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

February 28, 2018

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 Annual Report of Triangle Capital Corporation (the “Company”) on Form 10-K for the period ended December 31, 2017, 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

February 28, 2018

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 Annual Report of Triangle Capital Corporation (the "Company") on Form 10-K for the period ended December 31, 2017, 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

February 28, 2018