OHA INVESTMENT CORP

FORM 10-K
(Annual Report)

Filed 03/15/16 for the Period Ending 12/31/15

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Industry	Misc. Financial Services
Sector	Financial
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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, 2015
OR

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

For the transition period from to
Commission file number 814-00672

OHA INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

Maryland	**20-1371499**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1114 Avenue of the Americas, 27th Floor New York, New York	**10036**
(Address of principal executive offices)	(Zip Code)

(212) 852-1900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, Par Value $.001 per share	**NASDAQ Global Select Market**
(Title of each class)	(Name of each exchange on which registered)

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 ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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.

Large accelerated filer ☐	Accelerated filer ☒	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

As of June 30, 2015, the aggregate market value of common stock held by non-affiliates of the registrant based on the closing price on that date of $5.69 on the NASDAQ Global Select Market was approximately $110,557,866.

As of March 10, 2016, there were 20,172,392 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2016 Annual Meeting of Stockholders are incorporated by reference into Part III, Items 10 through 14 herein.

Certain exhibits previously filed with the Securities and Exchange Commission are incorporated by reference into Part IV of this report.

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PART I

In this Annual Report on Form 10-K, except where the context suggests otherwise, the terms "we," "us," "our," the "Company" and "OHAI" refer to OHA Investment Corporation; and "OHA," "our investment advisor" and "our administrator" refer to Oak Hill Advisors, L.P. Some of the statements in this Annual Report constitute forward-looking statements, which relate to future events, future performance or financial condition. These forward-looking statements involve risks and uncertainties and actual results could differ materially from those projected in the forward-looking statement for any reason, including those factors discussed in "Item 1A. Risk Factors" and elsewhere in the report.

Item 1. Business

Introduction

OHA Investment Corporation

We are a specialty finance company designed to provide our investors with current income and capital appreciation. We focus primarily on providing creative direct lending solutions to middle market private companies across industry sectors. Our investment objective is to generate both current income and capital appreciation primarily through debt investments, some of which include equity components. Our investment activities are managed by Oak Hill Advisors, L.P., or OHA, and supervised by our Board of Directors, the majority of whose members are independent of OHA and its affiliates.

We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or a BDC, under the Investment Company Act of 1940, or the 1940 Act. For federal income tax purposes, we operate so as to be treated as a regulated investment company, or a RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. As a BDC and a RIC, we are required to comply with certain investment diversification and other regulatory requirements.

On September 30, 2014, our stockholders approved the appointment of OHA as our investment advisor, replacing NGP Investment Advisor, LP, which had been our investment advisor since our inception. In connection with this change in investment advisor, we changed our name from NGP Capital Resources Company to OHA Investment Corporation, or OHAI. OHA is a registered investment adviser under the Investment Advisers Act of 1940, or the Advisers Act. OHA acts as our investment advisor and administrator pursuant to an investment advisory agreement and an administration agreement, respectively, each dated as of September 30, 2014, which we refer to as the Investment Advisory Agreement and the Administration Agreement, respectively.

The aggregate fair value of our investment portfolio at December 31, 2015 was $174.7 million , with such value comprised of 17 active portfolio investments compared to 10 active portfolio investments at September 30, 2014. Under our previous investment advisor, we focused our investments primarily on small and mid-size companies engaged in the upstream sector of the energy industry, which includes businesses that find, develop and extract energy resources, including natural gas, crude oil and coal. Consequently, a significant portion of our current investment portfolio value is comprised of debt securities and other investments in upstream exploration and production companies engaged in the acquisition, development and production of oil and natural gas properties in and along the Gulf Coast, in the state and federal waters of the Gulf of Mexico, and in the Permian Basin, Mid-Continent and Rocky Mountain areas.

Part of OHA's investment strategy is to reduce our portfolio concentration in the energy industry, and to diversify our portfolio with investments in debt securities of U.S. private and small public middle market companies across industry sectors. Since September 30, 2014, we have added a total of 12 new investments with a principal amount of $114.1 million (total cost of $110.5 million), and realized two of these investments with a principal amount of $28.7 million. Primarily as a result of these new investments, net of realizations, the concentration of our investment portfolio in the energy sector decreased to 41% at December 31, 2015, from 74% at September 30, 2014.

Our historical focus and current concentration in the energy sector causes our portfolio to be particularly influenced by commodity prices for oil and natural gas, which declined dramatically during 2015. That trend has continued in the first two months of 2016. Further decline or increased volatility in the energy markets, particularly in North America, will negatively impact the values of our energy-related investments and, in turn, our net asset value. These factors may also extend the holding period for such investments, thus impacting our ability to reduce the concentration of energy investments in our portfolio. See "Item 1A. Risk Factors — Risk Factors Related to Our Investments" for further discussion regarding the decline in oil and natural gas prices and other risks related to the energy industry.

Our Investment Advisor

OHA is a leading independent investment firm specializing in direct lending, high yield bonds, leveraged loans, distressed investments, mortgage strategies and corporate structured products. With approximately $26.5 billion of capital under management as of December 2015, OHA employs a fundamental value-oriented strategy focused on credit analysis, relative value analysis, risk-adjusted return generation, loss avoidance and active risk management that has been in place for more than two decades. OHA has substantial experience in direct lending, having invested approximately $3.7 billion in over 120 direct lending investments over the past 13 years. Headquartered in New York, OHA employs more than 250 people located in six offices, and has been registered as an investment adviser under the Advisers Act since 2004.

OHA is responsible for sourcing potential investments, conducting research on prospective investments, analyzing investment opportunities, structuring our investments, and monitoring our investments on an ongoing basis. We pay OHA a base management fee as a percentage of our assets and incentive fees as a percentage of our net investment income and net capital gains. Managing our portfolio is an extension of OHA's direct lending activities to middle market companies, which OHA defines as companies with annual revenues of $50 million to $1 billion.

We have an investment committee that evaluates and approves each of our investments, subject to the oversight of our Board of Directors. All key investment decisions made by OHA on our behalf require the approval of a majority of the members of the investment committee. OHA's extensive team of investment professionals, including industry analysts and portfolio managers, actively source, evaluate and monitor our investments.

Our Investment Approach

OHA (and its affiliated investment advisors and predecessor firms) continues to build on its over 20-year history of investing in various asset classes and believes that its past success is a reflection of the firm's consistent investment philosophy, strategy and process. As our investment advisor, OHA seeks to expand our portfolio's exposure to a broader range of industries beyond energy, focusing on the middle market. OHA believes that middle market companies are generally less able to secure financing from public financial markets than larger companies and thus offer better return opportunities for firms able to originate and structure these investments, along with conducting the necessary diligence to appropriately evaluate these opportunities.

OHA expects that most of our new investments will be in senior and junior secured, unsecured and subordinated debt securities in U.S. private and small public middle market companies with maturities ranging from three to seven years. However, OHA seeks to identify attractive investments throughout the capital structure and thus may invest in equity, distressed debt, residual interests of CLOs and other assets. We may invest in newly issued securities and acquire investments in the secondary market.

The companies in which OHA intends to invest are typically highly leveraged, and, in most cases, our investments in such companies will not be rated by national rating agencies. If such companies were rated, we believe that they would typically receive a rating below investment grade (between BB and CCC under the Standard & Poor's system) from the national rating agencies, which are often referred to as "junk." From time to time, OHA may invest opportunistically in other types of investments, consistent with the provisions of the 1940 Act.

Our Board of Directors has the authority to modify or waive our operating policies and strategies without prior notice and without stockholder approval. However, under the 1940 Act, we may not change the nature of our business so as to cease to be, or withdraw our election as, a BDC without stockholder approval.

The OHA investment team employs an opportunistic, credit-driven investing approach rather than a broad origination model, leveraging the depth and breadth of its credit research team to seek value creation through long-term investment results. OHA looks for investment opportunities across the capital structure of middle market companies, using a fundamental value-oriented investment strategy. We believe that this approach will yield a highly diversified investment portfolio across asset classes, industries and capital structures. Our investment approach seeks attractive risk-adjusted returns while attempting to limit the risk of potential capital losses.

Investment Sourcing and Selection. OHA pursues selective direct origination from its extensive network of relationships with key financial sponsors, financial institutions, middle market companies, management teams, corporations and other sources, and it has sought to position itself as a value-added partner in club transactions by private equity firms. OHA believes its experience in the below-investment-grade credit markets positions it well to execute private deals and capture illiquidity premiums and attractive, uncorrelated returns that may be found in this market.

In originating assets, OHA employs multiple channels and leverages the extensive relationships of the broader OHA platform. OHA's decision to select an investment for our portfolio stems directly from OHA's long-established investment approach, which focuses on intensive credit analysis, relative value analysis, risk-adjusted return generation and loss avoidance. As part of this process, OHA continuously looks to originate new ideas, perform due diligence on these opportunities and execute on those investments that meet OHA's investment criteria. OHA has extensive direct lending experience spanning several credit cycles. Since 2002, OHA has originated and invested in approximately $3.7 billion of middle market private capital investments composed of more than 120 transactions.

Under the 1940 Act, we may be prohibited or restricted in our ability to co-invest in investments that are also held by other funds that are managed by OHA or its affiliates, unless we receive an order from the Securities and Exchange Commission, or the SEC, permitting us to do so. We and OHA have submitted an exemptive application to the SEC to permit greater flexibility in terms of co-investment, because we believe it may be advantageous for us to co-invest with funds sponsored or managed by OHA in investment opportunities that meet certain criteria. There can be no assurance that such exemptive relief will be granted by the SEC or that, if granted, it will be on terms that are acceptable to permit us to fully leverage OHA's capabilities.

Due Diligence. OHA believes that each investment opportunity should stand on its own merits rather than being dependent upon macro views held by the chief investment officer or a research analyst. In performing diligence on direct lending opportunities, an investigation is typically conducted by a team of research analysts and portfolio managers. The process entails, among other considerations: business analysis, capital structure analysis and valuation analysis. Business analysis involves a comprehensive fundamental evaluation of a company, including historical and projected financial modeling. Capital structure analysis evaluates the terms and structure of a company's debt and equity securities relative to the company's business risk. Valuation analysis considers the enterprise value of a company in both the public and private markets.

OHA's credit process seeks to be quantitatively rigorous and qualitatively thorough, enhanced by OHA's contacts throughout the investment community and industries it analyzes. Research analysts are encouraged to develop relationships with senior management, consultants, investment bankers, rating agencies and other experts in the industries they cover. OHA's investment professionals also have extensive contact with senior professionals of OHA's portfolio companies, and often perform frequent customer and supplier references. Typically, detailed written reports evaluate an investment's merits and concerns and steer the discussions between the team of research analysts and portfolio managers. These discussions are critical to the decision to purchase or sell an investment, or to redirect the research process to areas that warrant further evaluation. The process is often iterative and can involve multiple investment discussions.

Monitoring Investments. Once we have provided a financial commitment or investment with respect to a portfolio company, OHA monitors our portfolio companies on an ongoing basis. The objective of OHA's monitoring process is to identify current and potential value changes and be in a position to act accordingly. OHA actively monitors the financial performance of our portfolio companies through regular contact with the management teams, along with studying developments in the relevant industries and the financial markets. Constant, active monitoring allows OHA to maintain current risk assessments, address potential problems early, refine exit plans, and make prompt follow-on investment decisions.

Valuation Process

The majority of our investments are in securities for which market quotations are unavailable, or which have various degrees of restrictions on liquidity. We account for all of the assets in our portfolio at fair value, following the provisions of the Financial Accounting Standards Board Accounting Standards Codification *"Fair Value Measurements and Disclosures,"* or ASC 820. OHA and our Board of Directors determine the fair value of each investment in our portfolio on a quarterly basis, as generally described below.

- *Investment Team Valuation.* The investment professionals of OHA prepare fair value recommendations for each investment.
- *Investment Team Valuation Documentation.* The investment team documents and discusses its preliminary fair value recommendations with the investment committee and senior management of OHA.
- *Presentation to Audit Committee.* OHA and our senior management present the valuation analyses and fair value recommendations to the Audit Committee of our Board of Directors.
- *Third Party Valuation Activity.* We may, at our discretion, retain an independent valuation firm to review any or all of the valuation analyses and fair value recommendations provided by the OHA investment team. As of December 31, 2015, our general practice is that we have an independent valuation firm review all Level 3 investments (those whose value is determined using significant unobservable inputs) with recommended fair values in excess of $10 million on a quarterly basis, and review all Level 3 investments with recommended fair values greater than zero at least annually.
- *Board of Directors and Audit Committee.* The Board of Directors and the Audit Committee review and discuss the valuation analyses and fair value recommendations provided by OHA and the analysis of the independent valuation firm, if applicable.
- *Final Valuation Determination.* Our Board of Directors discusses the fair values recommended by the Audit Committee and determines the fair value of each investment in our portfolio, in good faith, based on the input of OHA, our Audit Committee and the independent valuation firm, if applicable.

ASC 820 defines fair value as the price that a seller would receive for an asset or pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. The fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes the use of observable market inputs over unobservable entity-specific inputs.

Competition

Historically, our primary competitors in this market have consisted of public and private investment funds, commercial and investment banks, commercial financing companies and other BDCs. Although these competitors regularly provide financing similar to most of our investments, a number of them focus on different aspects of these markets. We also face competition from other firms that are substantially larger and have considerably greater financial, technical and marketing resources than we have. Some of our competitors have a lower cost of funds and access to funding sources that are not available to us. In addition, some of our competitors have higher risk tolerances or different risk assessments, which allow them to consider a wider variety of investments and establish more portfolio relationships than we can. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC; nor are they subject to the requirements imposed on RICs by the Code. Nevertheless, we believe that the relationships of the senior professionals of OHA should enable us to compete effectively for attractive investment opportunities.

Employees

We do not have any direct employees, and our day-to-day investment operations are managed by OHA. Our principal officers are our chief executive officer, our chief financial officer and our chief compliance officer. In addition, we have two OHA employees dedicated full time to our operations. All of these individuals are employees of OHA. Our allocable portion of the cost of our officers and their staffs is paid by us pursuant to the Administration Agreement. The services necessary for the origination, monitoring and administration of our investment portfolio are provided by investment professionals employed by OHA.

Regulation

Business Development Company

We have elected to be regulated as a BDC under the 1940 Act. By electing to be treated as a BDC, we are subject to various provisions of the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisers or sub-advisers), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than “interested persons,” as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or withdraw our election to be regulated as, a BDC without first obtaining the approval of a “majority of our outstanding voting securities,” as that term is defined in the 1940 Act. Under the 1940 Act, the vote of holders of a “majority” means the vote of the holders of the lesser of: (i) 67% or more of the outstanding shares of the company’s common stock present at a meeting or represented by proxy if holders of more than 50% of the shares of the company’s common stock are present or represented by proxy or (ii) more than 50% of the company’s outstanding shares of common stock. We do not anticipate any substantial change in the nature of our business.

We are generally not permitted to issue and sell our common stock at a price below net asset value per share. We may, however, issue and sell shares of our common stock at a price below net asset value per share if (i) our Board of Directors determines that such sale is in our best interests and the best interests of our stockholders, and (ii) our stockholders have approved our policy and practice of making such sales within the preceding 12 months. In any such case, the price at which our common stock is 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. We may repurchase our shares subject to the restrictions of the 1940 Act.

As a BDC, we are required to meet a coverage ratio of the value of total assets to senior securities, which include all of our borrowings and any preferred stock we may issue in the future, of at least 200%. We are also 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 do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, we generally are prohibited from (a) acquiring more than 3% of the voting stock of any investment company, (b) investing more than 5% of the value of our total assets in the securities of one investment company, or (c) investing more than 10% of the value of our total assets in the securities of investment companies in the aggregate. With regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might subject our stockholders to additional expenses.

Qualifying Assets

A BDC must be organized and have its principal place of business in the United States and operate for the purpose of investing in the types of securities described in 1, 2 and 3 below. As a BDC, we may not acquire any asset other than assets of the type listed in Section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of our total assets. The principal categories of qualifying assets relevant to our business are the following:

1. Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions):
   a. is an eligible portfolio company, or from any person who is, or has been during the preceding thirteen 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. The 1940 Act defines an eligible portfolio company as any issuer that:
      i. is organized under the laws of, and has its principal place of business in, the United States;
      ii. is not an investment company (other than a small business investment company, or SBIC, wholly owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
      iii. does not have any class of securities listed on a national securities exchange
   b. is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if:
      i. at the time of the purchase, we own at least 50% of (A) the greatest number of equity securities of such issuer and securities convertible into or exchangeable for such securities; and (B) the greatest amount of debt securities of such issuer, held by us at any point in time during the period when such issuer was an eligible portfolio company; and;
      ii. we are one of the 20 largest holders of such issuer's outstanding voting securities; or;
   c. is a company that meets the requirements of (a)(i) and (ii) above, but is not an eligible portfolio company because it has issued a class of securities on a national securities exchange, if the aggregate market value of such company's outstanding voting and non-voting common equity is less than $250 million.
2. Securities of any eligible portfolio company that we control.
3. Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of such issuer, or from any person in transactions incident thereto, if immediately prior to the purchase of its securities such issuer is in bankruptcy and subject to reorganization, or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
4. Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities, and we already own 60% of the outstanding equity of the eligible portfolio company.
5. Securities received in exchange for or distributed on or with respect to securities described in (1) through (4) above, or pursuant to the exercise of options, warrants or rights relating to such securities.
6. Cash, cash equivalents, U.S. government securities or high-quality debt maturing in one year or less from the time of investment.

Managerial Assistance to Portfolio Companies

As noted above, a BDC must be operated for the purpose of making investments in the types of securities described in 1, 2 and 3 under the heading entitled "Qualifying Assets" above. In addition, BDCs generally must offer to make available to the issuer of such securities significant managerial assistance, except in circumstances where either (i) the BDC controls such issuer of the securities or (ii) the BDC purchases such securities in conjunction with one or more other persons acting together and one of the other persons in the group makes available such managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its directors, officers, employees or agents, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

Temporary Investments

Pending investment in other types of "qualifying assets," as described above, our investments generally consist of cash, cash equivalents, U.S. government securities or high-quality debt maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments, so that at least 70% of our assets are qualifying assets. Typically, we 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 we may invest in such repurchase agreements. However, if more than 25% of our total assets constitute repurchase agreements from a single counterparty, we would not meet the asset diversification requirements in order to qualify as a RIC for federal income tax purposes. Thus, we do not intend to enter into repurchase agreements with a single counterparty in excess of this limit. OHA will monitor the creditworthiness of the counterparties with which we enter into any repurchase agreement transactions.

Senior Securities

The 1940 Act permits us, under specified conditions, to issue multiple classes of senior indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any senior securities remain outstanding, we may be required by the 1940 Act to 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 are also permitted to borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage.

Code of Ethics

We and OHA have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act and Rule 204A-1 under the Advisors Act, respectively, that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements.

Compliance Policies and Procedures

We and OHA have adopted and implemented written policies and procedures reasonably designed to prevent violation of the federal securities laws and will review these policies and procedures annually for their adequacy and the effectiveness of their implementation. We and OHA have each designated a chief compliance officer to be responsible for administering the policies and procedures.

Proxy Voting Policies and Procedures

While the majority of our investments are in debt securities, we may occasionally hold investments in publicly-traded equity securities. We have delegated our proxy voting responsibility to OHA. The proxy voting policies and procedures of OHA are set forth below. The guidelines are reviewed periodically by OHA and our independent directors and, accordingly, are subject to change.

As an investment advisor registered under the Advisers Act, OHA has fiduciary duties to us. As part of this duty, OHA recognizes that it must vote client securities in a timely manner free of conflicts of interest and in our best interests and the best interests of our stockholders. OHA's proxy voting policies and procedures have been formulated to ensure decision-making consistent with these fiduciary duties. These policies and procedures for voting proxies are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

OHA votes proxies relating to our portfolio securities in what it perceives to be the best interest of our stockholders. OHA reviews on a case-by-case basis each proposal submitted to a stockholder vote to determine its effect on the portfolio securities held by us. Although OHA will generally vote against proposals that may have a negative effect on our portfolio securities, OHA may vote for such a proposal if there exist compelling long-term reasons to do so.

OHA's proxy voting decisions are made by those senior investment professionals who are responsible for monitoring each of our investments. To ensure that a vote is not the product of a conflict of interest, OHA requires that (1) 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 (2) employees involved in the decision-making process or vote administration are prohibited from revealing how OHA intends to vote on a proposal in order to reduce any attempted influence from interested parties. If a vote may involve a material conflict of interest, prior to approving such vote, OHA must consult with our chief compliance officer to determine whether the potential conflict is material and if so, the appropriate method to resolve such conflict. If the conflict is determined not to be material, OHA's employees shall vote the proxy in accordance with OHA's proxy voting policy.

You may obtain information about how we voted proxies by making a written request for proxy voting information to Chief Compliance Officer, OHA Investment Corporation, 1114 Avenue of the Americas, 27th Floor, New York, New York 10036.

Other

We expect to be 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.

Regulated Investment Company

As a BDC, we have elected to be treated as a RIC under Subchapter M of Chapter 1 of the Code. As a RIC, we are generally not subject to corporate-level U.S. federal income taxes on the portion of our investment company taxable income (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses), or realized net capital gains, that we distribute, or deem to distribute, to stockholders on a timely basis.

Taxable income available for distribution differs from consolidated net investment income under GAAP due to (i) temporary and permanent differences in income and expense recognition, (ii) capital gains and losses, (iii) activity at taxable subsidiaries, and (iv) the timing and period of recognition regarding dividends declared in December of one year and paid in January of the following year. Dividends we declare and pay in a particular year generally differ from taxable income for that year as such dividends may include the distribution of current year taxable income, the distribution of prior year taxable income carried forward into and distributed in the current year, or returns of capital.

We may also be subject to federal excise tax if we do not distribute an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of our capital gain net income, computed for the one year period ended October 31 of that calendar year, and (3) 100% of any ordinary income or capital gain net income not distributed or taxed in prior years. Dividends to stockholders are recorded on the ex-dividend date. We currently intend to make sufficient distributions each year to maintain our status as a RIC for federal income tax purposes and to avoid excise taxes. If we do not meet this requirement, the Code imposes a nondeductible excise tax generally equal to 4% of the amount by which the required distribution exceeds the distribution for the year. The taxable income on which an excise tax is paid is generally carried forward and distributed to stockholders in the next tax year. Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year distributions into the next tax year and pay a 4% excise tax on such income.

In order to maintain our status as a RIC, we must, in general, (1) continue to qualify as a BDC; (2) derive at least 90% of our gross income from dividends, interest, gains from the sale of securities and other specified types of income; (3) meet asset diversification requirements as defined in the Code; and (4) timely distribute to stockholders at least 90% of our annual investment company taxable income as defined in the Code.

Investment Advisory Agreement

Management Services

OHA manages our investments and business pursuant to the Investment Advisory Agreement. The initial term of the Investment Advisory Agreement is for two years, with automatic, one-year renewals, subject to approval by our Board of Directors, a majority of whose members are not "interested" persons (as defined in the 1940 Act) of us. Subject to the overall supervision of our Board of Directors, OHA manages the investment and reinvestment of our assets in accordance with our investment objectives and policies. Under the terms of the Investment Advisory Agreement, OHA provides any and all management and investment advisory services necessary for the operation and conduct of our business and:

- determines the composition of our portfolio, the nature and timing of the changes to our portfolio and the manner of implementing such changes;
- identifies, evaluates and negotiates the structure of our investments;
- monitors the performance of, and manages our investments;
- determines the securities and other assets that we purchase, retain or sell and the terms on which any such securities are purchased and sold;
- arranges for the disposition of our investments;
- recommends to our Board of Directors the estimated fair value of our investments that are not publicly traded debt or equity securities, based on our valuation guidelines;
- votes proxies in accordance with the proxy voting policy and procedures adopted by OHA; and
- provides us with such other investment advice, research and related services as our Board of Directors may, from time to time, reasonably require for the investment of our assets.

OHA's services under the Investment Advisory Agreement are not required to be exclusive, and OHA is free to furnish the same or similar services to other entities, including businesses that may directly or indirectly compete with us for particular investments, so long as its services to others do not impair its services to us. Under the Investment Advisory Agreement, OHA also provides on our behalf significant managerial assistance to those portfolio companies to which we are required to provide such assistance under the 1940 Act and who request such assistance from us.

Management and Incentive Fees

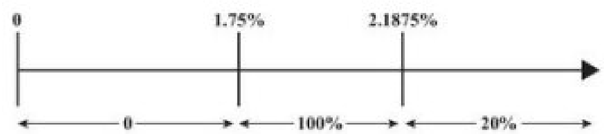
Pursuant to the Investment Advisory Agreement, we pay OHA a fee for management services consisting of two components — a base management fee and an incentive fee.

Base Management Fee: The base management fee is paid quarterly in arrears, and is calculated by multiplying the average value of our total assets (excluding cash, cash equivalents and U.S. Treasury Bills that are purchased with borrowed funds solely for the purpose of satisfying quarter-end diversification requirements related to our election to be taxed as a RIC under the Code), as of the end of the two immediately prior fiscal quarters, by a rate of 1.75% per annum.

Incentive Fee: The incentive fee consists of two parts. The first part, the investment income incentive fee, is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the fiscal quarter for which the fee is being calculated. Pre-incentive fee net investment income means interest income, dividend income, royalty payments, net profits interest payments, and any other income (including any other fees, such as commitment, origination, syndication, structuring, diligence, monitoring and consulting fees or other fees that we receive from portfolio companies) accrued during the fiscal quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, and any interest expense and dividends paid on any issued and outstanding preferred stock, but excluding the incentive fee). Net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Accordingly, we may pay (and in certain quarters, have paid) an incentive fee based partly on accrued investment income, the collection of which may be uncertain or deferred. Net investment income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less liabilities at the end of the immediately preceding fiscal quarter) is compared to a "hurdle rate" of 1.75% per quarter (7% annualized). OHA receives no incentive fee for any fiscal quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate. OHA receives an incentive fee equal to 100% of our pre-incentive fee net investment income for any fiscal quarter in which our pre-incentive fee net investment income exceeds the hurdle rate but is less than 2.1875% (8.75% annualized) of net assets (also referred to as the "catch up" provision) plus 20% of our pre-incentive fee net investment income for such fiscal quarter greater than 2.1875% (8.75% annualized) of net assets. The following is a graphical representation of the calculation of the investment income incentive fee:

Quarterly Incentive Fee Based on Net Investment Income

Pre-incentive fee net investment income (expressed as a percentage of the value of net assets)



Percentage of pre-incentive fee net investment income allocated to investment income incentive fee

The second part of the incentive fee, the capital gains fee, is determined and payable in arrears as of the end of each fiscal year (or, upon termination of the Investment Advisory Agreement, as of the termination date). The capital gains fee is equal to 20% of our cumulative aggregate realized capital gains from the date of the Investment Advisory Agreement through the end of that fiscal year, computed net of our cumulative aggregate realized capital losses and cumulative aggregate unrealized depreciation on investments for the same time period. The aggregate amount of any previously paid capital gains incentive fees to OHA is subtracted from the capital gains incentive fee calculated. If such amount is negative, then there is no capital gains fee for such year. For the purposes of the capital gains fee, any gains and losses associated with our investment portfolio as of September 30, 2014 shall be excluded from the capital gains fee calculation.

The Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, by a vote of our Board of Directors or the holders of a majority of our shares on 60 days' written notice to OHA, and would automatically terminate in the event of its "assignment" (within the meaning of the 1940 Act). In addition, OHA may terminate the Investment Advisory Agreement without penalty upon not more than 60 days' written notice to us. Pursuant to the Investment

Advisory Agreement, OHA pays the compensation expense of its investment professionals, who provide management and investment advisory services to us. We bear all other costs and expenses of our operations and transactions.

Administration Agreement

On September 30, 2014, we entered into an Administration Agreement with OHA pursuant to which OHA replaced NGP Administration, LLC as our administrator and furnishes us with certain administrative services, personnel and facilities. The Administration Agreement has an initial term of two years. Payments under the Administration Agreement will be equal to our allocable portion of OHA's overhead in performing its obligations under the Administration Agreement, including all administrative services necessary for our operation and the conduct of our business. The aggregate amount of certain costs and expenses payable by us under the Investment Advisory Agreement and the Administration Agreement for the period from October 1, 2014 to September 30, 2015 shall not exceed $2.5 million (the "Cap"); provided that, generally speaking, interest expense and bank fees, management and incentive fees, legal and professional fees, insurance expenses, taxes and costs related to the change in investment advisor are not subject to the Cap. The Administration Agreement may be terminated at any time, without penalty, by a vote of our Board of Directors or by OHA upon 60 days' written notice to the other party.

Corporate Information

We are a Maryland corporation organized in July 2004, and we completed our initial public offering in November 2004. Our principal executive office is located at 1114 Avenue of the Americas, 27 th floor, New York, New York, 10036, and our telephone number is (212) 852-1900. We believe our office facilities are suitable and adequate for our operations as currently conducted and contemplated. Our corporate website is *www.ohainvestmentcorporation.com* . We make available free of charge on our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports as soon as reasonably practicable after we electronically file or furnish such material to the SEC. This document includes our website address as an inactive textual reference only, and we do not incorporate the information contained on our website into this Form 10-K.

We have several direct and indirect subsidiaries that are single member limited liability companies and wholly-owned limited partnerships established to hold certain portfolio investments or provide services to us in accordance with specific rules prescribed for a company operating as a RIC. We consolidate the financial results of our wholly-owned subsidiaries for financial reporting purposes, and we do not consolidate the financial results of our portfolio companies.

Item 1A. Risk Factors

An investment 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 the following information before making an investment in our securities. The risks set forth below are not the only risks we face, and we face other risks which we have not yet identified, which we do not currently deem material or which are not yet predictable. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our securities could decline, and you may lose all or part of your investment.

Risks Related to Our Investments

Continuation of the current decline in oil and natural gas prices and production levels for a prolonged period of time would have a material adverse effect on our investment portfolio.

A significant portion of our portfolio is invested in energy-related businesses. The energy industry has been in a period of disruption and volatility that has been characterized by a decline in oil and natural gas prices and production levels that began in the third quarter of 2014. This disruption and volatility has adversely affected the credit quality and, in some cases, the fair value, of our energy-related investments and impaired the financial condition of the underlying businesses. A prolonged continuation of low oil and natural gas prices and production levels or further declines would likely further significantly affect the business, financial condition, results of operations and cash flows of these businesses and might impair their ability to meet financial commitments to us or to satisfy financial or operating covenants imposed by us or other lenders, which, in turn, could negatively affect our financial condition and results of operations.

Certain payments of our limited term overriding royalty interests, or ORRIs, granted by ATP Oil & Gas Corporation have been delayed as a result of bankruptcy proceedings. These delays or future adverse rulings by the bankruptcy court could prevent us from recovering our full investment in the ORRIs, including requiring us to disgorge certain other amounts received by us with respect to the limited term ORRIs.

In 2011 and 2012, we purchased from ATP Oil & Gas Corporation, or ATP, limited-term ORRIs in certain offshore oil and gas producing properties operated by ATP in the Gulf of Mexico. Under this arrangement, we purchased the right to portions (ranging from 5.0% to 10.8%) of the monthly production proceeds from oil and gas properties known as the Gomez and Telemark properties. The terms of the ORRIs provide that they will terminate after we receive payments that equal our investment in the ORRIs plus a time-value factor that is calculated at a rate of 13.2% per annum. On August 17, 2012, ATP filed for protection under Chapter 11 of the U.S. Bankruptcy Code. On June 26, 2014, the bankruptcy court entered an order converting ATP's bankruptcy case to a case under Chapter 7 of the U.S. Bankruptcy Code and, as a result, the bankruptcy estate is now being administered by a Chapter 7 trustee. Please refer to "Item 3. Legal Proceedings" for further discussion of the ATP litigation. As of December 31, 2015 , our unrecovered investment was $28.6 million , and we had received aggregate production payments of $35.4 million subject to a disgorgement agreement. In addition, as of December 31, 2015 , we had incurred legal and consulting fees totaling $5.3 million in connection with the enforcement of our rights under the ORRIs, $5.0 million of which has been added to the unrecovered investment balance under the terms of the ORRI agreements. Legal and consulting fees totaling $0.3 million and $0.1 million as of December 31, 2015 and 2014, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets.

Payments not made on the ORRIs for two months of pre-petition production have been delayed, thus extending the time for termination of the ORRI, and may never be made in full. It is also possible that our rights to payments for post-petition production, as well as post-petition payments actually received, could be delayed subject to disgorgement in the bankruptcy proceedings or otherwise adversely affected in ATP's bankruptcy proceedings, resulting in our inability to recover our investment in full and our expected return. If we do not receive payments for post-petition production from the wells subject to the ORRIs in amounts sufficient to provide for termination of the ORRIs prior to the remaining operating wells being shut in, then we would fail to recover, in full, our investment plus the associated time-value factor. Moreover, if production from the operating wells declines significantly, the fair value of our ORRIs could be adversely affected.

The energy industry is subject to many risks.

We have a significant concentration of investments in the energy industry. The revenues, income (or losses), cash flows and valuations of energy companies can fluctuate suddenly and dramatically due to any one or more of the following factors:

Commodity Pricing Risk. In general, commodity prices, such as the market prices of crude oil, natural gas, coal and wholesale electricity, directly affect energy companies especially those that own the underlying energy commodity. In addition, the volatility of commodity prices can affect other energy companies due to the impact of prices on the volume of commodities produced, transported, processed, stored or distributed and on the cost of fuel for power generation companies. The volatility of commodity prices can also affect energy companies' ability to borrow money or access the capital markets in light of the expectation that their performance is directly tied to commodity prices. Historically, energy commodity prices have been cyclical and have recently exhibited significant volatility. Some of our portfolio companies may not engage in hedging transactions to minimize their exposure to commodity price risk. Those companies that engage in such hedging transactions remain subject to market risks, including market liquidity and counterparty creditworthiness.

Regulatory Risk. Changes in the regulatory environment could adversely affect the cash flows and profitability of energy companies. Federal, state and local governments heavily regulate the businesses of energy companies in diverse matters, such as the way in which energy assets are constructed, maintained and operated, environmental regulations and requirements, and the prices energy companies may charge for their products and services. Many of these laws provide for civil penalties as well as regulatory remediation, thus adding to the potential liability an energy company may face. In addition, these regulations can change over time, including in scope and intensity. Additionally, certain states in which our portfolio companies operate have adopted, or are considering adopting, new or more stringent disclosure and additional well-location and well-construction requirements related to production operations.

Production Risk. The volume of crude oil, natural gas or other energy commodities available for producing, transporting, processing, storing, distributing or generating power may materially impact the cash flows and profitability of energy companies. A significant decrease in the production of natural gas, crude oil, coal or other energy commodities, due to the decline of production from existing facilities, depressed commodity prices, political events, OPEC actions or otherwise, could reduce revenue and operating income or increase operating costs of energy companies and, therefore, their ability to service debt or pay dividends. Similarly, the excess production of crude oil, natural gas or other energy commodities may result in the decline in the prices of these commodities, which could negatively impact the results of operations and financial condition of operating companies.

Demand Risk. A sustained decline in demand for crude oil, natural gas, refined petroleum products, coal and electricity may materially affect the cash flows and profitability of energy companies. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, increases in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs or shifts in consumer demand for such products. The long-term effect of a decline in demand is uncertain and may adversely impact a portfolio company's ability to satisfy financial or operating covenants imposed by us or other lenders.

Depletion and Exploration Risk. A portion of an energy company's assets may consist of natural gas, crude oil and/or coal reserves and other commodities that naturally deplete over time. Depletion could have a material adverse impact on such company's ability to service its debt or pay dividends. Further, estimates of energy reserves may not be accurate and, even if accurate, reserves may not be produced profitably, or at all. In addition, exploration of energy resources, especially of oil and natural gas, is inherently risky and requires large amounts of capital.

Weather Risk. Unseasonable extreme weather patterns could result in significant volatility in demand for energy and power or may directly affect the operations of individual companies. In addition, natural disasters, including hurricanes, could damage offshore production platforms or coastal oil or natural gas gathering or transmission facilities, causing delays or disruption in the flows of oil and natural gas to the marketplace. These weather-related risks may create fluctuations in earnings of energy companies.

Operational Risk. Energy companies are subject to various operational risks, such as failed drilling or well development, unscheduled outages, underestimated cost projections, unanticipated operation and maintenance expenses, failure to obtain the necessary permits to operate and failure of third-party contractors (including energy producers and shippers) to perform their contractual obligations. In addition, energy companies employ a variety of means of increasing cash flow, including increasing utilization of existing facilities, expanding operations through new construction, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some energy companies may be subject to construction risk, acquisition risk or other risks arising from their specific business strategies and operations.

Competition Risk. Our energy related portfolio companies face substantial competition in executing their strategies and operations, including in acquiring properties, enhancing and developing their assets, marketing their commodities, securing trained personnel and operating their properties. Many of their competitors, including major oil companies, natural gas utilities, independent power producers and other private independent energy companies, generally have financial and other resources that substantially exceed their resources. Our energy related portfolio companies may face greater competition in the production, marketing and selling of power and energy products brought about in part from the deregulation of the energy markets.

Valuation Risk. The valuations of our energy related portfolio companies are based, in significant part, on the value of their assets. The valuations of the assets of our energy related portfolio companies are subject to uncertainties inherent in estimating quantities of reserves of oil and natural gas and in projecting future rates of production and the timing of development expenditures, which are dependent upon many factors beyond our control. The estimates rely on various assumptions, including, for example, commodity prices, operating expenses, capital expenditures and the availability of funds, and are therefore inherently imprecise indications of future net cash flows. Actual future production, cash flows, taxes, operating expenses, development expenditures and quantities of recoverable reserves may vary substantially from those assumed in the estimates. Any significant variance in these assumptions could materially affect the value of our investments.

Climate Change. There is some evidence of global climate change. Climate change creates physical and financial risk and some of our portfolio companies may be adversely affected by climate change. For example, the needs of customers of energy companies vary with weather conditions, primarily temperature and humidity. To the extent climate changes affect weather conditions, energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require additional investments by our portfolio companies in more pipelines and other infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect the financial condition and cash flows of our energy related portfolio companies. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Potential lawsuits against or taxes or other regulatory costs imposed on greenhouse gas emitters could also affect energy companies, based on links drawn between greenhouse gas emissions and climate change.

Our investments are risky and highly speculative.

We invest primarily in senior and junior secured, unsecured and subordinated loans and to debt securities or preferred stock of U.S. private and public middle market companies. However, we may also invest in equity, distressed debt and other assets.

Senior Secured Loans. When we make a senior secured term loan investment or other senior secured debt investment in a portfolio company, we generally take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which we expect to help mitigate the risk that we will not be repaid. However, there is a risk that the collateral securing our investment 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 business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, our lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that an investment is secured does not guarantee that we will receive principal and interest payments according to the contractual terms, or at all, or that we will be able to collect on the investment should we enforce our remedies.

Junior Secured Debt. Junior secured loans (including second lien loans) or debt investments are secured debt investments that rank after senior secured debt in priority of payment. As other creditors may rank senior to any junior secured debt held by us in the event of insolvency, junior secured debt may have an above average amount of risk and volatility or loss of principal.

Unsecured Debt. Unsecured loans or debt investments do not benefit from a security interest in the assets of the portfolio company. As such, in the event of insolvency, any secured creditors of the portfolio company would have priority over us with respect to the proceeds from the sale of such company's assets and the proceeds from such sale may not be sufficient to repay our debt.

Subordinated Debt. Subordinated loans or debt investments are debt investments in which the holder has contractually agreed to be subordinated to other creditors. As such, in the event of insolvency, any creditor with a security interest or who ranks senior to the subordinated debt under the agreement governing the debt would have priority over us with respect to the proceeds from the sale of the portfolio company's assets, and the proceeds from such sale may not be sufficient to repay our debt.

Preferred Stock and Other Equity Investments. We may invest directly in the equity securities of portfolio companies. In addition, when we invest in loans and other debt securities, we may acquire common or preferred equity securities as well. Our goal is generally to exit such equity interests and realize gains upon our disposition of interests. However, the equity interests we receive may not appreciate in value and may end up declining 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. Our largest investment at December 31, 2015 was a preferred participating interest in Castex Energy 2005, LP, in which the market value of our investment was $43.9 million at December 31, 2015.

Distressed Debt. We may from time to time invest in distressed debt or the loans that we hold may become distressed. Distressed debt investments may not produce income, may require us to bear certain expenses to protect our investment and may subject us to uncertainty as to when, in what manner and for what value such distressed debt will eventually be satisfied.

Middle-Market Companies. Investing in middle market companies involves a number of significant risks, including:

- such companies may have limited financial resources and may be unable to meet their obligations under their debt securities 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 on any guarantees we may have obtained in connection with our investment;
- such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
- such companies 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;
- limited public information exists about many of these companies and, if OHA's investment professionals are unable to uncover all material information necessary to evaluate the potential returns from investing in such companies, we may not make a fully informed investment decision, and we may lose money on our investments;
- such companies generally have less predictable operating results, may from time to time be parties to litigation, 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
- such companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness, including any debt securities held by us, upon maturity.

Our portfolio may be concentrated in a limited number of portfolio companies and industries (and is currently concentrated in the energy industry), which will subject us to a risk of significant loss if any of these companies performs poorly or defaults on its obligations under any of its debt instruments or if there is a downturn in a particular industry.

We are classified as a non-diversified management 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. Beyond the asset diversification requirements associated with our qualification as a RIC under Subchapter M of the

Code, we do not have fixed guidelines for diversification. Our portfolio is currently concentrated in a limited number of portfolio companies. For example, as of December 31, 2015, a single portfolio company, Castex Energy 2005, LP, and a single industry segment, Oil & Natural Gas Production and Development, represented 25.1% and 40.6% of our portfolio investments at fair value, respectively. As a result, the aggregate returns we realize may be significantly adversely affected if a small number of investments perform poorly or if we need to write down the value of any one investment. Additionally, a downturn in any particular industry, such as the energy industry, in which we are invested could also significantly impact our net asset value and the aggregate returns we realize.

Our investments in securities rated below investment grade are speculative in nature and are subject to additional risk factors such as increased possibility of default, illiquidity of the security, and changes in value based on changes in interest rates.

We typically invest in securities that are not rated by any rating agency, but we believe that if such securities were rated, they would be below investment grade (rated lower than “Baa3” by Moody’s Investors Service, lower than “BBB-” by Fitch Ratings or lower than “BBB-” by Standard & Poor’s Ratings Services). Securities rated below investment grade are often referred to as “leveraged loans,” “high yield” or “junk” securities and are regarded as having predominantly speculative characteristics with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations. Securities rated below investment grade generally offer a higher current yield than that available from investment grade securities but typically involve greater risk. These securities are especially sensitive to adverse changes in general economic conditions, to changes in the financial condition of their issuers and to price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of below investment grade instruments may experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. In addition, the secondary market for below-investment grade securities may not be as liquid as the secondary market for more highly rated securities.

Many of our portfolio companies may incur debt that ranks equally with, or senior to, our investments and debt securities in such companies and such portfolio companies may not generate sufficient cash flow to service their debt obligations to us.

We have invested a portion of our capital in second lien, subordinated loans and debt securities issued by our portfolio companies and intend to continue to do so in the future. The portfolio companies usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. Such subordinated investments are subject to greater risk of default than senior obligations as a result of adverse changes in the financial condition of the obliger or in general economic conditions. If we make a subordinated investment in a portfolio company, the portfolio company may be highly leveraged, and its relatively high debt-to-equity ratio may create increased risks that its operations might not generate sufficient cash flow to service all of its debt obligations. By their terms, senior debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution in respect of our investment. After repaying senior creditors, the portfolio company may not have any remaining assets to use for repaying its obligation to us where we are junior creditor. In the case of debt ranking equally with debt securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company’s obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by first priority liens on the collateral will generally control the liquidation of, and be entitled to receive proceeds from any realization of, the collateral to repay their obligations in full before we would. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of all of the collateral would be sufficient to satisfy the loan obligations secured by the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds were not sufficient to repay amounts outstanding under the loan obligations secured by the second priority liens, then we, to the extent not repaid from the proceeds of the sale of the collateral, will only have an unsecured claim against the portfolio company’s remaining assets, if any.

We have made in the past, and may make in the future, unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in the collateral of such companies. Liens on a portfolio company’s collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from any realization of, such collateral to repay their obligations in full before we would. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all loans secured by collateral. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of such senior debt. Under a typical intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be taken at the direction of the holders of the obligations secured by the first priority liens:

- the ability to cause the commencement of enforcement proceedings against the collateral;
- the ability to control the conduct of such proceedings;
- the approval of amendments to collateral documents;
- releases of liens on the collateral; and
- waivers of past defaults under collateral documents.

We may not have the ability to control or direct such actions, even if our rights are adversely affected.

Price declines and illiquidity in the corporate debt markets may adversely affect the fair value of our portfolio investments, reducing our net asset value through increased unrealized depreciation.

As a BDC, we are required to carry our investments at market value or, if no market value is ascertainable, at fair value as determined in good faith by or under the direction of our Board of Directors and in accordance with generally accepted accounting principles. Decreases in the market values or fair values of our investments are recorded as unrealized depreciation. Any unrealized depreciation 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 and could materially adversely affect our ability to service our outstanding borrowings. Depending on market conditions, we could incur substantial losses in future periods, which could reduce our net asset value and have a material adverse impact on our business, financial condition and results of operations.

The majority of our portfolio investments are recorded at fair value as determined in good faith by our Board of Directors and, as a result, there may be uncertainty as to the value of our portfolio investments.

The majority of our portfolio investments take the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable, and we value these securities at fair value as determined in good faith by our Board of Directors, including to reflect significant events affecting the value of our securities. A majority of our investments are classified as Level 3 under ASC Topic 820. This means that our portfolio valuations are based on unobservable inputs and our own assumptions about how market participants would price the asset or liability in question. Inputs into the determination of fair value of our portfolio investments require significant management judgment or estimation. Even if observable market data are available, such information may be the result of consensus pricing information or broker quotes, which may include a disclaimer that the broker would not be held to such a price in an actual transaction. The non-binding nature of consensus pricing and/or quotes accompanied by disclaimers materially reduces the reliability of such information.

Because such valuations 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. Our net asset value could be adversely affected if our determinations regarding the fair value of our investments were materially higher than the values that we ultimately realize upon the disposal of such securities.

We adjust quarterly the valuation of our portfolio to reflect our Board of Directors' determination of the fair value of each investment in our portfolio. Any changes in fair value are recorded in our consolidated statement of operations as net unrealized appreciation (depreciation) on investments.

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

A substantial portion of our investments are and will be subject to legal and other restrictions on resale or will otherwise be less liquid than more broadly traded public securities. The illiquidity of these investments may make it difficult for us to sell such investments if the need arises. 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 have previously recorded our investments.

Generally we do not hold controlling equity interests in our portfolio companies, and therefore, we may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.

To the extent we do not hold a controlling equity position in a portfolio company, we are subject to the risk that a portfolio company in which we do not have a controlling interest may make business decisions with which we disagree, and that the management and/or stockholders of such portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity of the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company and may therefore suffer a decrease in the value of our investments.

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 prepaid prior to maturity. We may use the proceeds from such prepayments to reduce our outstanding borrowings or invest such proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments, if any, will typically have substantially lower yields than the debt investment being prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may be at lower yields than the debt investment that was prepaid. 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 common stock.

Our portfolio companies may be unable to repay or refinance outstanding principal on their loans at or prior to maturity, and rising interests rates may make it more difficult for portfolio companies to make periodic payments on their loans.

Our portfolio companies may be unable to repay or refinance outstanding principal on their loans at or prior to maturity. This risk and the risk of default is increased to the extent that the loan documents do not require the portfolio companies to pay down the outstanding principal of such debt prior to maturity. In addition, if general interest rates rise, there is a risk that our portfolio companies will be unable to pay escalating interest amounts, which could result in a default under their loan documents with us. Rising interest rates could also cause portfolio companies to shift cash from other productive uses to the payment of interest, which may have a material adverse effect on their business and operations and could, over time, lead to increased defaults. Any failure of one or more of our portfolio companies to repay or refinance its debt at or prior to maturity or the inability of one or more portfolio companies to make ongoing payments following an increase in contractual interest rates could have a material adverse effect on our business, financial condition and results of operations.

We may choose to waive or defer enforcement of covenants in the debt securities held in our portfolio, which may cause us to lose all or part of our investment in these companies.

We structure the debt investments in our portfolio companies to include business and financial covenants placing affirmative and negative obligations on the operation of the company's business and its financial condition. However, from time to time we may elect to waive breaches of these covenants, including our right to payment, or waive or defer enforcement of remedies, such as acceleration of obligations or foreclosure on collateral, depending upon the financial condition and prospects of the particular portfolio company. These actions may reduce the likelihood of our receiving the full amount of future payments of interest or principal and may be accompanied by a deterioration in the value of the underlying collateral, as many of these companies may have limited financial resources, may be unable to meet future obligations and may go bankrupt. This could negatively impact our ability to pay distributions and could adversely affect our business, financial condition, and results of operations.

Our loans could be subject to equitable subordination by a court or we could be subject to lender liability claims.

Courts may apply the doctrine of equitable subordination to subordinate the claim or lien of a lender against a borrower to claims or liens of other creditors of the borrower, when the lender or its affiliates is found to have engaged in unfair, inequitable or fraudulent conduct. The courts have also applied the doctrine of equitable subordination when a lender or its affiliates is found to have exerted inappropriate control over the borrower, including control resulting from the ownership of equity interests in a client. We have historically made direct equity investments or received warrants in connection with loans. Payments on one or more of our loans, particularly a loan to a borrower in which we also hold an equity interest, may be subject to claims of equitable subordination. If we were deemed to have the ability to control or otherwise exercise influence over the business and affairs of one or more of our portfolio companies (including through the provision of managerial assistance to that portfolio company) resulting in economic hardship to other creditors of that company, this control or influence may constitute grounds for equitable subordination and a court may treat one or more of our secured loans as if it were unsecured or common equity in the portfolio company. In that case, if the portfolio company were to liquidate, we would be entitled to repayment of our loan on a pro-rata basis with other unsecured debt or, if the effect of subordination was to place us at the level of common equity, then on an equal basis with other holders of the portfolio company's common equity only after all of its obligations relating to its debt and preferred securities had been satisfied.

In addition, lenders in certain cases can be subject to lender liability claims for actions taken by them when they become too involved in the borrower's business or exercise control over a borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken if we render managerial assistance to the borrower.

We may hold the debt securities of leveraged companies that may enter into bankruptcy proceedings.

Leveraged companies may experience bankruptcy or similar financial distress. The bankruptcy process has a number of significant inherent risks, including difficulties estimating contingent claims. Many events in a bankruptcy proceeding are the product of contested matters and adversary proceedings and are beyond the control of the creditors, and our influence on the process may be limited. A bankruptcy filing by a portfolio company may adversely and permanently affect the portfolio company. If the proceeding is converted to a liquidation, the value of the portfolio company may not equal the liquidation value that was believed to exist at the time of the investment. The duration of a bankruptcy proceeding is also difficult to predict, and a creditor's return on investment can be adversely affected by delays until the plan of reorganization or liquidation ultimately becomes effective. The administrative costs of a bankruptcy proceeding are frequently high and would be paid out of the debtor's estate prior to any return to creditors.

We make loans that include payment-in-kind, or PIK, interest or dividends or accretion of original issue discount provisions, which could increase the risk of default by our portfolio companies.

Some of the loans we make or acquire provide for the payment by portfolio companies of PIK interest or dividends or accreted original issue discount at maturity. Such loans have the effect of deferring a portfolio company's payment obligation until the end of the term of the loan, which may make it difficult for us to identify and address developing problems with a portfolio company in terms of its ability to repay us. Particularly in a rising interest rate environment, loans containing PIK and original issue discount provisions can give rise to negative amortization on a loan, resulting in a borrower owing more at the end of the term of a loan than what it owed when the loan was originated. Any such developments may increase the risk of default on our loans by borrowers. In addition, loans containing PIK may have unreliable valuations because their continuing accruals require continuing judgments about the collectability of the deferred payments and the value of any associated collateral.

In addition, to the extent that we invest in original issue discount instruments and the accretion of original issue discount constitutes a portion of our income, we will be exposed to risks associated with the requirement to include such non-cash income in taxable and accounting income prior to receipt of cash, including that, for accounting purposes, cash distributions to investors representing original issue discount income do not come from paid-in capital, although they may be paid from the offering proceeds. As a result, although a distribution of original issue discount income may come from the cash invested by investors, the 1940 Act does not require that investors be given notice of this fact.

We are subject to risks associated with our investments in CLOs.

We are currently invested, and may in the future invest, in the subordinated debt of CLOs, which involves a number of significant risks. Generally, there may be less information available to us regarding the underlying debt investments held by CLOs than if we had invested directly in the debt of the underlying companies. As a result, our stockholders will not know the details of the underlying securities of the CLOs in which we invest.

CLOs are typically highly levered, which magnifies the adverse impact of any defaults by the senior secured loans underlying our investment in the CLO. While investors in CLOs indirectly bear risks of the underlying debt investments held by such CLOs, we generally have the right to receive payments only from the CLOs, and generally do not have direct rights against the underlying borrowers or the entity that sponsored the CLOs.

In addition to the general risks associated with investing in debt securities, CLOs carry additional risks, including: (i) the possibility that distributions from the underlying loans will not be adequate to make interest or other payments; (ii) the quality of the underlying loans may decline in value or default; and (iii) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the CLO or unexpected investment results. CLO securities are typically privately offered and thinly traded. Further, our investments in the subordinated debt of a CLO will be subordinate to the senior debt securities of such CLO.

We may incur risk with respect to investments we acquire through assignments or participations of interests.

We have in the past acquired, and may in the future acquire, loans through assignments or participations of interests in such loans. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to such debt obligation. However, where we acquire an assignment or participation interest, our rights may be more restricted than those of the assigning institution, and we may not be able to unilaterally enforce all rights and remedies under an assigned debt obligation and with regard to any associated collateral. A participation typically results in a contractual relationship only with the institution participating out the interest, such as a bank or broker-dealer, and not directly with the borrower, and we may not directly benefit from the collateral supporting the debt obligation in which we have purchased the participation. As a result, we will be exposed to the credit risk of both the borrower and the institution selling the participation. Further, in purchasing participations, we may not be able to conduct the same level of due diligence on a borrower or the quality of the loan with respect to which we are buying a participation as we would conduct if we were investing directly in the loan. This difference may result in us being exposed to greater credit risk with respect to such loans than we expected when initially purchasing the participation.

Economic downturns or recessions could impair our portfolio companies' operations and ability to satisfy obligations to their respective lenders, including us, which could negatively impact our ability to pay dividends.

The conditions and overall strength of the national and regional economies, including interest rate fluctuations, changes in capital markets and changes in the prices of their primary commodities and products, generally affects our portfolio companies. These factors could adversely impact the results of operations of our portfolio companies.

Our portfolio companies may be susceptible to economic downturns or recessions and may be unable to satisfy financial covenants or to repay our loans during these periods. Adverse economic conditions also may decrease the value of collateral securing our loans and the value of our equity investments. Economic downturns or recessions could lead to financial losses in our portfolio and decreases in revenues, net income and assets. 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 the assets securing such loans, which could trigger cross-defaults under other agreements and jeopardize our portfolio company's ability to meet its obligations under the debt securities that we hold and adversely impact the value of any equity securities we own. These events could temporarily or permanently reduce the fair value of certain of our investments, prevent us from making additional investments and harm our operating results or ability to pay dividends.

Risks Relating to Our Business and Structure

We operate in a highly competitive market for investment opportunities.

A number of entities compete with us to make the types of investments that we target. We compete with other BDCs, public and private investment funds, commercial and investment banks, commercial financing companies and, to the extent they provide an alternative form of financing, private equity and hedge funds. Some of our competitors are substantially larger and may have greater financial, technical and marketing resources than we have. For example, some competitors may have a lower cost of funds 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 do, which could allow them to consider a wider variety of investments and establish more portfolio relationships than we do. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act and the Code impose on us as a BDC and a RIC, respectively.

The competitive pressures we face may have a material adverse effect on our business, financial condition and results of operations. As a result of this competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we may not be able to identify and make investments that are consistent with our investment objectives. If we are unable to source attractive investments, we may hold a greater percentage of our assets in cash or operate with less leverage than anticipated, which could impact potential returns on our portfolio.

We do not seek to compete primarily based on the interest rates we will offer, and we believe that some of our competitors may make loans with interest rates that will be comparable to or lower than the rates we offer. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. However, if we match our competitors' pricing, terms and structure, we may experience decreased net investment income and increased risk of credit loss.

We are dependent upon senior management personnel of OHA and on OHA's ability to hire and retain qualified personnel.

We depend on our investment management team, which is provided by OHA, for the identification, final selection, structuring, closing and monitoring of our investments. Our investment team at OHA is integral to our asset management activities and has critical industry experience and relationships that we rely on to implement our business plan. Our future success depends on continued service to OHA of our investment team and/or additional qualified personnel. The departure of any of the members of OHA's investment team could have a material adverse effect on our ability to achieve our investment objective. As a result, 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 business model depends to a significant extent upon strong referral relationships with financial sponsors, and the inability of OHA to maintain or develop these relationships, or the failure of these relationships to generate investment opportunities, could adversely affect our business.

We expect that OHA will maintain and develop their relationships with financial sponsors, and we will rely to a significant extent upon these relationships to provide us with potential investment opportunities. If OHA fails to maintain its 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 OHA has 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. If OHA is unable to source investment opportunities, we may hold a greater percentage of our assets in cash than anticipated, which could impact potential returns on our portfolio.

OHA has limited experience managing a BDC.

OHA had not previously managed a BDC prior to September 30, 2014, and the investment philosophy and techniques used by OHA and its investment professionals to manage us may differ from the investment philosophy and techniques employed by our previous investment advisor and its investment professionals. In addition, the 1940 Act imposes numerous constraints on the operations of BDCs that do not apply to the other types of investment vehicles managed by OHA. For example, under the 1940 Act, BDCs are generally required to invest at least 70% of their total assets primarily in securities of qualifying U.S. private or small capitalization companies. OHA's lack of experience in managing a portfolio of assets under these specific constraints may hinder our ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objectives. As a result, an investment in shares of our common stock may entail more risk than the shares of common stock of a comparable company with an investment advisor with more experience in managing a BDC.

There are significant potential conflicts of interest which could adversely impact our investment returns.

Our executive officers and directors, and certain investment professionals of OHA, serve or may serve as officers, directors, principals or investment professionals of entities that operate in the same or a related line of business as we do or of investment funds managed by our affiliates. OHA and its affiliates also manage private investment funds, and may manage other funds in the future, that have investment objectives or mandates that are similar, in whole and in part, to ours. Accordingly, such individuals and OHA may have obligations to investors in those entities, the fulfillment of which might not be in the best interests of us or our stockholders. For example, the principals of OHA may face conflicts of interest in the allocation of investment opportunities to us and such other funds.

OHA has adopted an investment allocation policy that governs the allocation of investment opportunities among the investment funds (including us) that are managed by OHA and its affiliates. To the extent an investment opportunity is appropriate for us or any other investment fund managed by OHA or its affiliates, OHA will adhere to its investment allocation policy in order to determine the allocation of such opportunity among the various investment funds. Although OHA's investment professionals will endeavor to allocate investment opportunities in a fair and equitable manner, we and our stockholders could be adversely affected to the extent investment opportunities are allocated among us and other investment vehicles managed or sponsored by, or affiliated with, investment professionals of OHA, our executive officers and directors.

The 1940 Act prohibits us from making certain negotiated co-investments with certain affiliates unless we receive an order from the SEC permitting us to do so. We and OHA have submitted an exemptive application to the SEC to permit us to participate in negotiated co-investments with other funds managed by OHA. However, there is no assurance that we will obtain an exemptive order or that it will be on terms favorable to us. Prior to receiving any such exemptive order from the SEC, OHA will offer us the right to participate in all investment opportunities that it determines are appropriate for us in view of our investment objectives, policies and strategies and other relevant factors. These offers will be subject to the caveat that, in accordance with OHA's investment allocation policy, we might not participate in each individual opportunity, but will, on an overall basis, be entitled to participate equitably with other entities managed by OHA or its affiliates.

OHA's investment allocation policy is also designed to manage and mitigate conflicts of interest associated with the allocation of investment opportunities if we are able to co-invest, either pursuant to SEC interpretive positions or an exemptive order, with other funds managed by OHA or its affiliates. Generally, under the investment allocation policy, if we are permitted to co-invest pursuant to an exemptive order, co-investments would be allocated pursuant to the conditions of the exemptive order. Generally, under the investment allocation policy, if we are able to co-invest pursuant to SEC interpretive positions, a portion of each opportunity that is appropriate for us and any affiliated fund will be offered to us and such other eligible accounts as determined by OHA based on asset class, fund size and liquidity, among other factors. OHA seeks to treat all clients fairly and equitably such that none receive preferential treatment over the others over time, in a manner consistent with its fiduciary duty to each of them; however, in some instances, especially in instances of limited liquidity, the factors may not result in allocations or may result in situations where certain funds receive allocations where others do not.

In addition, because we expect to make investments alongside other investment funds, accounts and other investment vehicles managed by OHA prior to the receipt of any exemptive relief, but consistent with existing regulatory guidance and OHA's allocation procedures, we may subsequently be prohibited by the 1940 Act from re-negotiating the terms of such co-investments, including with respect to granting loan waivers or concessions or in connection with a restructuring, reorganization or similar transaction involving the portfolio company, to the extent that other investment funds, accounts or other investment vehicles managed by OHA continue to hold such investments at the time. As a result, we may have to sell such investments at such time in order to avoid violating the 1940 Act or otherwise not participate in the re-negotiation of the terms of such co-investments, which may result in investment losses or lost opportunities to generate additional income, or may otherwise negatively impact us.

We may need to raise additional capital to grow because we must distribute most of our income.

We must distribute at least 90% of our investment company taxable income to our stockholders to maintain our RIC status and such distributions will not be available to fund new investments. We may need additional capital to fund growth in our investments. A reduction in the availability of new capital could limit our ability to grow. We expect to borrow from financial institutions and may, if warranted by market conditions and in the best interests of our stockholders, issue additional debt and equity securities. If we fail to obtain funds from such sources or from other sources to fund our investments, it could limit our ability to grow, which may have an adverse effect on the value of our securities. In addition, as a BDC, our ability to borrow or issue preferred stock may be restricted if our total assets are less than 200% of our total borrowings and preferred stock.

Our ability to secure additional financing and satisfy our financial obligations under indebtedness outstanding from time to time will depend upon our future operating performance, which is subject to the prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond our control. The prolonged continuation or worsening of current economic and capital market conditions could have a material adverse effect on our ability to secure financing on favorable terms, if at all.

If we are unable to obtain debt capital, then our equity investors will not benefit from the potential for increased returns on equity resulting from leverage to the extent that our investment strategy is successful, and we may be limited in our ability to make new commitments or fundings to our portfolio companies.

Failure to extend our Investment Facility, which is currently scheduled to expire on May 23, 2016, could raise an issue as to our ability to continue as a going concern.

As of March 15, 2016, the total outstanding principal amount of our debt obligations under our Investment Facility is $67.5 million. This amount, along with accrued interest, will be due and payable upon expiration of our Investment Facility which is scheduled to expire on May 23, 2016. We are currently in the process of negotiating a new investment facility, which we expect to have in place prior to that date. However, if we do not have a new investment facility in place prior to that date, or if we are unable to extend our existing Investment Facility, we will consider a number of actions in order to increase our liquidity to levels sufficient to meet our debt obligations under the existing Investment Facility and any other anticipated cash needs for the 12 months ended December 31, 2016. These actions include: refinancing our debt obligations with other lenders, disposing of certain portfolio investments, and reducing other controllable cash outflows.

We believe we are able to take such actions in a manner that would enable us to meet our debt obligations and other cash needs through December 31, 2016. However, failure to successfully execute our liquidity plans or otherwise address our liquidity needs may have a material adverse effect on our business and financial position, and may materially affect our ability to continue as a going concern.

Failure to extend our Investment Facility could also have a material adverse effect on our results of operations and financial position and our ability to pay expenses and make distributions.

As discussed above, if we do not have a new investment facility in place by May 23, 2016, we will not be able to make further borrowings under the current Investment Facility after such date and the outstanding principal balance on that date will be due and payable. If we are unable to extend our current Investment Facility or find a new source of borrowing on acceptable terms, we will be required to pay down the amounts outstanding under the current Investment Facility through one or more of the following: (1) available cash balances, (2) principal collections on our securities pledged under the facility, (3) at our option, interest collections on our securities pledged under the facility, or (4) possible liquidation of some or all of our loans and other assets, any of which could have a material adverse effect on our results of operations and financial position and may force us to decrease or stop paying certain expenses and making distributions to stockholders until the facility is repaid. In addition, our stock price could decline significantly, we would be restricted in our ability to acquire new investments.

Any failure on our part to maintain our status as a BDC would reduce our operating flexibility.

The 1940 Act imposes numerous constraints on the operations of BDCs. For example, BDCs are required to invest at least 70% of their total assets in specified types of securities, primarily in private companies or small U.S. public companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, if we fail to maintain our qualification as a BDC, we may be subject to substantially greater regulation under the 1940 Act as a closed-end investment company. Compliance with such regulations would significantly decrease our operating flexibility, and could significantly increase our costs of doing business.

Regulations governing our operation as a BDC affect our ability to raise, and the way in which we raise additional capital. As a BDC, the necessity of raising additional capital may expose us to risks, including the typical risks associated with leverage.

Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue debt securities or preferred stock and/or borrow money from banks or other financial institutions, which we refer to collectively as “senior securities,” in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% of gross assets less all liabilities and indebtedness not represented by senior securities, after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test and, as a result, we will be limited in our ability to use debt capital to finance our operations. Also, any amounts that we use to service our indebtedness would not be available for distributions to our common stockholders. Furthermore, as a result of issuing senior securities, we would also be exposed to typical risks associated with leverage, including an increased risk of loss. As of December 31, 2015, we had $72.0 million outstanding and no availability for borrowing under the Investment Facility.

If we issue preferred stock, the preferred stock would rank “senior” to common stock in our capital structure, preferred stockholders would generally vote together with common stockholders but would have separate voting rights on certain matters and might have other rights, preferences, or privileges more favorable than those of our common stockholders, and the issuance of preferred stock could have the effect of delaying, deferring or preventing a transaction or a change of control that might involve a premium price for holders of our common stock or otherwise be in your best interest.

As a BDC, 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 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 OHAI and its stockholders, and our stockholders approve such sale. In any such case, the price at which our securities are to be issued and sold may not be less than a price that, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, then the percentage ownership of our stockholders at that time will decrease, and you might experience dilution. This dilution would occur as a result of a proportionately greater decrease in a stockholder’s interest in our earnings and assets and voting interest in us than the increase in our assets resulting from such issuance. Because the number of future shares of common stock that may be issued below our net asset value per share and the price and timing of such issuances are not currently known, we cannot predict the actual dilutive effect of any such issuance. We cannot determine the resulting reduction in our net asset value per share of any such issuance. We also cannot predict whether shares of our common stock will trade above, at or below our net asset value in the future.

We borrow money, which magnifies the potential for loss on amounts invested and may increase the risk of investing in us.

The use of leverage magnifies the potential for loss on amounts invested and, therefore, increases the risks associated with investing in our securities. We currently borrow under our $72.0 million Investment Facility and in the future may borrow from or issue senior debt securities. As of December 31, 2015, we had $72.0 million outstanding under the Investment Facility. We may borrow from and issue senior debt securities to banks, insurance companies and other lenders in the future. Lenders of these senior securities, including the Investment Facility, will have fixed dollar claims on our assets that are superior to the claims of our stockholders, and we would expect such lenders to seek recovery against our assets in the event of a default. 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 decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could also negatively affect our ability to make distribution payments on our common stock. Leverage is generally considered a speculative investment technique. Our ability to service any debt that we incur will depend largely on our financial performance and will be subject to prevailing economic conditions and competitive pressures. Moreover, as the management fee payable to OHA is payable based on our gross assets, including those assets acquired through the use of leverage, OHA has a financial incentive to incur leverage which may not be consistent with our stockholders' interests. In addition, our stockholders bear the burden of any increase in our expenses as a result of leverage, including any increase in the management fee payable to OHA. The amount of leverage that we employ depends on OHA's and our Board of Directors' assessment of market and other factors at the time of any proposed borrowing. We cannot assure you that we will be able to obtain credit at all or on terms acceptable to us.

The following table illustrates the effect of leverage on returns from an investment in our common stock as of December 31, 2015, 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 in the table below.

Assumed Return on Our Portfolio (Net of Expenses)	**-10%**	**-5%**	**0**	**5%**	**10%**
Corresponding return to common stockholder (1)	-25%	-17%	-9%	1%	7%

(1) Assumes $228.5 million in total assets, $72.0 million in debt outstanding and $110.8 million in net assets as of December 31, 2015 and a weighted average interest rate of 4.65% as of December 31, 2015.

Based on our outstanding indebtedness of $72.0 million as of December 31, 2015 and the weighted average interest rate of 4.65% as of that date, our investment portfolio would have been required to experience an annual return of at least 1.9% to cover annual interest payments on the outstanding debt.

Substantially all of our assets are subject to security interests under the Investment Facility, and if we default on our obligations under the Investment Facility, we may suffer adverse consequences, including foreclosure on our assets.

As of December 31, 2015, substantially all of our assets were pledged as collateral under the Investment Facility. If we default on our obligations under this facility, the lenders may have the right to foreclose upon and sell, or otherwise transfer, the collateral subject to their security interests or their superior claim. In such event, we may be forced to sell our investments to raise funds to repay our outstanding borrowings in order to avoid foreclosure and these forced sales may be at times and at prices we would not consider advantageous. Moreover, such deleveraging of our company could significantly impair our ability to effectively operate our business in the manner in which we have historically operated. As a result, we could be forced to curtail or cease new investment activities and lower or eliminate the dividends that we have historically paid to our stockholders.

It is likely that the terms of any current or future long-term or revolving credit or warehouse facility we may enter into in the future could constrain our ability to grow our business.

Under the Investment Facility and our other borrowings, current lenders have, and any future lender or lenders may have, fixed dollar claims on our assets that are senior to the claims of our stockholders and, thus, will have a preference over our stockholders with respect to our assets in the collateral pool.

Our Investment Facility and borrowings also subject us to various financial and operating covenants. For example, the Investment Facility requires us to maintain asset coverage, as defined in the credit agreement, of not less than 2:25 to 1.00 at any time. If this ratio declines below 2:25 to 1.00, we may not be able to incur additional debt, which could have a material adverse effect on our operations, and we may not be able to make distributions to our stockholders. Future credit facilities and borrowings will likely subject us to similar or additional covenants.

The Investment Facility generally contains customary default provisions such as a minimum net asset coverage ratio, an interest coverage ratio and a restriction on changing our business. An event of default under the Investment Facility would likely result in, among other things, termination of the availability of further funds under the Investment Facility and accelerated maturity dates for all amounts outstanding under the Investment Facility, which would likely disrupt our business and, potentially, the business of the portfolio companies whose loans we finance through the Investment Facility. This could reduce our revenues and, by delaying any cash payment allowed to us under the Investment Facility until the lenders have been paid in full, reduce our liquidity and cash flow and impair our ability to grow our business and maintain our status as a RIC.

The terms of future available financing may place limits on our financial and operational flexibility. If we are unable to obtain sufficient capital in the future, we may be forced to reduce or discontinue our operations, not be able to make new investments, or otherwise respond to changing business conditions or competitive pressures.

To the extent we use debt or preferred stock to finance our investments, changes in interest rates will affect our cost of capital and net investment income.

To the extent we borrow money, or issue preferred stock, to make investments, our net investment income will depend, in part, upon the difference between the rate at which we borrow funds or pay distributions on preferred stock and the rate at which we invest those funds. As a result, a significant change in market interest rates may have a material adverse effect on our net investment income in the event we use debt to finance our investments. In periods of rising interest rates, our cost of funds would increase, except to the extent we issue fixed rate debt or preferred stock, which could reduce our net investment income. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

In addition, a rise in the general level of interest rates can be expected to lead to higher interest rates applicable to our debt investments over time. Accordingly, an increase in interest rates would make it easier for us to meet or exceed the incentive fee hurdle rate and may result in a substantial increase of the amount of incentive fees payable to OHA with respect to our pre-incentive fee net investment income.

Pending legislation may allow us to incur additional leverage.

As a BDC, under the 1940 Act generally we are not permitted to incur indebtedness unless immediately after such borrowing we have an asset coverage for total borrowings of at least 200% (i.e., the amount of debt may not exceed 50% of the value of our total assets). Recent legislation introduced in the U.S. House of Representatives, if passed, would modify this section of the 1940 Act and increase the amount of debt that BDCs may incur by modifying the percentage from 200% to 150%. As a result, we may be able to incur additional indebtedness in the future and therefore your risk of an investment in us may increase.

Our fee arrangement may create incentives for OHA that are not fully aligned with the interests of our stockholders and may induce OHA to pursue speculative investments.

Pursuant to the terms of the Investment Advisory Agreement, we pay base management and incentive fees to OHA. The base management fee is based on our average adjusted gross assets and the incentive fee is computed and paid on income, both of which include leverage. As a result, investors in our common stock will invest on a “gross” basis and receive distributions on a “net” basis after expenses, resulting in a lower rate of return than one might achieve through direct investments. Because the base management fee is based on our average adjusted gross assets, OHA benefits when we incur debt or use leverage. In addition, the incentive fee payable to OHA is calculated based on a percentage of our return on invested capital. This may encourage OHA to use leverage to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would impair the value of our common stock and the amount of distributions we make to stockholders.

In addition, OHA receives the incentive fee based, in part, upon net capital gains realized on our investments. Unlike that portion of the incentive fee based on income, there is no hurdle rate applicable to the portion of the incentive fee based on net capital gains. As a result, OHA may have a tendency to invest more of our capital in investments that are likely to result in capital gains as compared to income producing securities. Moreover, for the purpose of calculating OHA’s capital gains incentive fee, any gains and losses associated with our investment portfolio as of September 30, 2014 are excluded. As the capital gains fee is not payable by us to OHA with respect to any legacy investments, OHA may be incented to dispose of those investments with the aim of substituting them with assets for which a capital gains fee would be payable. These incentives could result in our investing in more speculative securities than would otherwise be the case, which could result in higher investment losses, particularly during economic downturns or result in us exiting an investment sooner than that which would have otherwise been optimal for us.

The incentive fee payable by us to OHA also may induce OHA to invest on our behalf in instruments that have a deferred interest feature, even if such deferred payments would not provide cash necessary to enable us to pay current distributions to our stockholders. Under these investments, we would accrue interest over the life of the investment but would not receive the cash income from the investment until the end of the term. Our net investment income used to calculate the income portion of the incentive fee, however, includes accrued interest. Thus, a portion of this incentive fee would be based on income that we have not yet received in cash. In addition, the “catch-up” portion of the incentive fee may encourage OHA to accelerate or defer interest payable by portfolio companies from one calendar quarter to another, potentially resulting in fluctuations in timing and distribution amounts.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive fees to OHA with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our stockholders will bear his or her share of the management and incentive fee of OHA as well as indirectly bearing the management and performance fees and other expenses of any investment companies in which we invest.

We may be obligated to pay OHA an incentive fee based on income even if we incur a loss.

OHA is entitled to an incentive fee based on income for each fiscal quarter in an amount equal to a percentage of the excess of our pre-incentive fee net investment income for that quarter (before deducting incentive compensation) above a performance threshold for that quarter. Since the performance threshold is based on a percentage of our net asset value, decreases in our net asset value reduce the performance threshold required for OHA to earn an incentive fee based on income. Our pre-incentive fee net investment income for purposes of calculating the incentive fee excludes realized and unrealized capital losses or depreciation that we may incur in the fiscal quarter, even if such capital losses or depreciation result in a net loss on our statement of operations for that quarter. Thus, we may be required to pay OHA an incentive fee for a fiscal quarter even if there is a decline in the value of our portfolio or we incur a net loss for that quarter.

Under the terms of the Investment Advisory Agreement, we may have to pay capital gain incentive fees to OHA in periods in which we have incurred a net realized loss on the sale of our investments.

Pursuant to the terms of the Investment Advisory Agreement, any gains and losses associated with our investment portfolio as of September 30, 2014, or the legacy portfolio, are excluded from the capital gains fee calculation. As a result, we may have to pay OHA a capital gains incentive fee in periods in which we have incurred a net realized loss on the sale of our investments to the extent that some or all of the realized losses relate to the legacy portfolio.

We will become subject to corporate-level income tax if we are unable to maintain our qualification as a RIC under Subchapter M of the Code.

Although we have elected to be treated as a RIC under Subchapter M of the Code, no assurance can be given that we will be able to maintain our RIC status. To 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% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and financial covenants under credit agreements, that could, under certain circumstances, restrict us from making distributions necessary to satisfy the 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 income tax.
- The income source requirement will be satisfied if we obtain at least 90% 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. Failure to meet those requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. 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 RIC tax treatment for any reason and become subject to corporate 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. Such a failure would have a material adverse effect on us, the net asset value of our common stock and the total return, if any, obtainable from an investment in our common stock.

We may have difficulty satisfying the annual distribution requirement in order to qualify and maintain RIC status if we recognize income before or without receiving cash representing such income.

In accordance with generally accepted accounting principles, or GAAP, and tax requirements, we include in income certain amounts that we have not yet received in cash, such contractual PIK interest, which represents contractual interest added to a loan balance and due at the end of such loan's term. The increases in loan balances as a result of contractual PIK arrangements are included in income for the period in which such PIK interest was accrued, which is typically in advance of receiving cash payment, and are separately identified on our statements of cash flows. In addition, certain loans may also include any of the following: end-of-term payments, “make whole” interest or dividend provisions, exit fees, balloon payment fees or prepayment fees, which may require us to include certain amounts in income prior to receiving the related cash.

Since in certain cases we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the RIC tax requirement to distribute at least 90% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. Under such circumstances, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements. If we are unable to obtain cash from other sources and are otherwise unable to satisfy such distribution requirements, we may fail to qualify for the federal income tax benefits allowable to RICs and, thus, become subject to a corporate-level income tax on all our income.

Our investment in Castex Energy 2005, LP is subject to a number of associated risks.

Our largest investment at December 31, 2015 was a redeemable preferred LP interest in Castex Energy 2005, LP, an oil & natural gas production and development company. Due primarily to the decline in oil and natural gas prices, and pursuant to Castex’s contractual right under its investment agreement with us, this investment has paid PIK rather than cash dividends during the last two fiscal quarters (and such PIK dividend amounts are added to the principal balance of the investment the month following quarter end). As discussed above, when we accrue the quarterly dividends, we recognize investment income for GAAP and tax purposes without receiving cash representing such income. If Castex continues to pay PIK dividends due to insufficient projected cash flows (which may be more likely if oil and natural gas prices continue to remain at current levels or decline), our liquidity needs will be adversely affected, and we may have greater difficulty meeting our RIC tax requirement to distribute at a minimum 90% of our net ordinary taxable income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. This difficulty is exacerbated by the size of our investment in Castex, which represented 25.1% of our portfolio investments at fair value at December 31, 2015. Given its size in our portfolio, income from our investment in Castex represents a substantial portion of our annual expected income. We note that the fair value of our investment in Castex decreased from $54.9 million at December 31, 2014 to $43.9 million at December 31, 2015; however, we have not placed this investment on non-accrual status.

The failure in cyber-security systems, as well as the occurrence of events unanticipated in our disaster recovery systems and management continuity planning could impair our ability to conduct business effectively.

The occurrence of a disaster such as a cyber attack, a natural catastrophe, an industrial accident, a terrorist attack or war, events unanticipated in our disaster recovery systems, or a support failure from external providers, could have an adverse effect on our ability to conduct business and on our results of operations and financial condition, particularly if those events affect our computer-based data processing, transmission, storage, and retrieval systems or destroy data. If a significant number of our OHA personnel were unavailable in the event of a disaster, our ability to effectively conduct our business could be severely compromised.

We depend heavily upon computer systems to perform necessary business functions. Despite our implementation of a variety of security measures, our computer systems could be subject to cyber attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, we may experience threats to our data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, our computer systems and networks, or otherwise cause interruptions or malfunctions in our operations, which could result in damage to our reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect the market price of our common stock and our ability to pay distributions.

Our business is highly dependent on 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. OHA's 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 distributions to our stockholders.

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

Our Board of Directors has the authority to modify or waive certain of our investment objectives, operating policies and strategies without prior notice and without stockholder approval. 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 investment objectives, operating policies and strategies would have on our business, operating results and value of our stock. Nevertheless, the effects may adversely affect our business and impact our ability to make distributions.

Changes in laws or regulations governing our operations may adversely affect our business.

Changes in the laws or regulations, or the interpretations of the laws and regulations, which govern BDCs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures, and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, then we may have to incur significant expenses in order to comply or we may have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, then we may lose licenses needed for the conduct of our business and be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business results of operations or financial condition.

OHA can resign upon 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.

OHA has the right, under the both Investment Advisory Agreement and the Administration Agreement, to resign at any time upon 60 days' written notice, whether we have found a replacement or not. If OHA resigns, we may not be able to find a new investment advisor or new administrator, as applicable, or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected, and the market price of our shares may decline. In addition, the coordination of our internal management and investment or administration activities, as applicable, is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by OHA and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.

Risks Relating to an Investment in Our Securities

Our shares currently trade at a substantial discount from net asset value and may continue to do so over the long term.

Shares of closed-end investment companies frequently trade at a market price that is less than the net asset value that is attributable to those shares. The possibility that shares of our common stock will trade at a substantial discount from net asset value over the long term is separate and distinct from the risk that our net asset value will decrease. Although we cannot predict whether shares of our common stock will trade above, at or below our net asset value, our common stock has consistently traded below our net asset value since the fourth quarter of 2008 through the fourth quarter of 2015. When our common stock trades below its net asset value, we are generally not able to issue additional shares of our common stock at its market price without first obtaining the approval for such issuance from our stockholders and our independent directors. Any offering of our common stock that requires stockholder approval must occur, if at all, within one year after receiving such stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease our new lending and investment activities, and our net asset value could decrease and our level of distributions could be impacted.

Our common stock price may be volatile and may decrease substantially.

The trading price of our common stock may fluctuate substantially. The price of our common stock that will prevail in the market may be higher or lower than the price you pay, depending on many factors, some of which are beyond our control and may not be directly related to our operating performance. These factors include the following:

- price and volume fluctuations in the overall stock market or in securities of BDCs from time to time;
- investor demand for our shares;
- exclusion of our common stock from certain market indices which could reduce the ability of certain investment funds to own our common stock;
- changes in regulatory policies or tax guidelines with respect to RICs and BDCs;
- the loss of RIC status;
- actual or anticipated changes in our earnings or fluctuations in our operating results;
- any shortfall in revenue or net investment income or any increase in losses from levels expected by stockholders or securities analysts;
- changes in accounting guidelines governing valuation of our investments;
- changes, or perceived changes, in the value of our portfolio investments;
- departures of OHA’s key personnel;
- operating performance of companies comparable to us; and
- general economic conditions and trends and other external factors.

In the past, following periods of volatility in the market price of a company’s securities or for other reasons, securities class action litigation has often been brought against that company. Due to the potential volatility of our stock price or for other reasons, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management’s attention and resources from our business.

Our stockholders may not receive distributions, our distributions may not grow over time or a portion of our distributions may be a return of capital.

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. Our ability to pay distributions may be adversely affected by the impact of one or more of the risk factors described in this report. In addition, due to the asset coverage test applicable to us as a BDC, we may be prohibited in our ability to make distributions in certain limited circumstances. We cannot assure you that you will receive distributions at a particular level or at all.

If our distributions exceed our taxable income and capital gains realized during a taxable year, all or a portion of the distributions made in the same taxable year may be characterized as a return of capital to our stockholders. To the extent there is a return of capital, stockholders will be required to reduce their basis in our stock for U.S. federal income tax purposes, resulting in a higher reported capital gain or lower reported capital loss when those shares of our common stock are sold or otherwise disposed of.

Provisions of the Maryland General Corporation Law and of our charter and bylaws could (if not otherwise exempted) deter takeover attempts and have an adverse impact on the price of our common stock.

The Maryland General Corporation Law, our charter and our bylaws contain provisions that may discourage, delay or make more difficult a change in control of us or the removal of our directors. These anti-takeover provisions may inhibit a change of control in circumstances that could give our stockholders the opportunity to realize a premium over the market price for our common stock.

We are subject to the Maryland Business Combination Act, the application of which is subject to any applicable requirements of the 1940 Act. While our Board of Directors has adopted a resolution exempting from the Business Combination Act any business combination between us and any other person (subject to prior approval of such business combination by our Board of Directors, including approval by a majority of our directors who are not interested persons of the acquiring person), if the resolution exempting business combinations is repealed or our Board of Directors does not approve a business combination, the Business Combination Act may discourage third parties from trying to acquire control of us and increase the difficulty of consummating such an offer.

Our bylaws exempt from the Maryland Control Share Acquisition Act acquisitions of our stock by any person. If we were to amend our bylaws to repeal the exemption from such act, it would make it more difficult for a third party to obtain control of us and increase the difficulty of consummating such a control attempt.

Our charter provides for classifying our Board of Directors in three classes serving staggered three-year terms, and provisions of our charter authorize our Board of Directors to classify or reclassify shares of our stock in one or more classes or series, to cause the issuance of additional shares of our stock, and to amend our charter, without stockholder approval, to increase or decrease the number of shares of stock that we have authority to issue.

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. Our headquarters are located in New York, New York, where we share office space with OHA pursuant to our Administration Agreement. We also occupy office space in Fort Worth, Texas. We believe that our office facilities are suitable and adequate for our business as presently conducted.

Item 3. Legal Proceedings

We are involved in various legal proceedings arising in the normal course of business. While we cannot predict the outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal proceeding, other than those described below, individually or in the aggregate, would be material to our business, financial condition or cash flows.

ATP Litigation . On August 17, 2012, ATP Oil & Gas Corporation, or ATP, filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Prior to the bankruptcy filing, we purchased limited term overriding royalty interests, or ORRIs, in certain offshore oil and gas producing properties operated by ATP (generally, the Gomez and Telemark properties). Credit Suisse, AG, or CS, and The Bank of New York Mellon Trust Company, N.A., or BONY, which held mortgages on ATP's interests in the Gomez and Telemark properties at the time of the conveyances, executed certain Acts of Subordination of their liens in favor of OHAI. On August 23, 2012, on a motion filed by ATP, the bankruptcy judge presiding over ATP's case signed an order (Bankr. Dkt. No. 191) requiring ATP to pay amounts received after August 17, 2012 to those parties it believes are entitled to receive them, including the ORRI holders, provided that the ORRI holders execute a disgorgement agreement providing for the repayment of any amounts that the bankruptcy court later finds to have been inappropriately paid. We executed the disgorgement agreement and began receiving monthly distributions in September 2012 from ATP of our share of production proceeds received by ATP after August 17, 2012. As of December 31, 2015 , our unrecovered investment was $28.6 million , and we had received aggregate production payments of $35.4 million subject to the disgorgement agreement; both of these amounts are the subject of disputes in the litigation described herein.

As of December 31, 2015 , we had incurred legal and consulting fees totaling $5.3 million in connection with the enforcement of our rights under the ORRIs. On various occasions, we have provided notice that such legal expenses will be added to our unrecovered investment balance to the extent they are not reimbursed. To date, we have not received any payments on account of legal expenses aside from our receipt of regular monthly production payments. As a result, we add our legal expenses to the unrecovered investment balance in accordance with our transaction documents. As of December 31, 2015 , $5.0 million of the $5.3 million in legal and consulting fees have been added to, and are thus included in, the unrecovered investment balance under the terms of our transaction documents. The remaining amounts of legal and consulting fees, totaling $0.3 million and $0.1 million as of December 31, 2015 and December 31, 2014, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets and are, thus, not included in the unrecovered investment balance as of such dates.

On October 17, 2012, we filed a lawsuit against ATP styled: *OHA Investment Corporation v. ATP Oil & Gas Corporation* , Adv. Proc. No. 12-03443, in the U.S. Bankruptcy Court for the Southern District of Texas, seeking a declaration that the ORRIs are our property and not property of ATP and that the conveyance and purchase and sale documents are not executory contracts that may be rejected in order to remove or recharacterize our interests in the properties (the "Adversary Proceeding"). ATP filed an answer and counterclaim in which it (a) denies that the ORRIs are valid and enforceable, (b) seeks a declaration that (i) the ORRIs are a financing agreement and not a true sale and (ii) the ORRIs are executory contracts that are subject to rejection under section 365 of the Bankruptcy Code, and (c) seeks disgorgement from us of amounts paid to us since August 17, 2012, the date of filing of ATP's Chapter 11 proceeding. The United States, on behalf of the Department of the Interior, intervened in the Adversary Proceeding, arguing that the underlying leases are unexpired leases of real property or executory contracts (and not real property conveyances) and are subject to rejection by ATP. Certain service companies claiming statutory liens or privileges have intervened in the Adversary Proceeding for the purposes of establishing that their alleged statutory liens and privileges are superior to our rights and asserting related claims for disgorgement of proceeds paid to us by ATP. BONY, the secondary lien holder, has also intervened, arguing (i) the ORRIs are a financing agreement and not a true sale, (ii) our claims are barred, waived, released and/or otherwise foreclosed by the express terms of the conveyance of the ORRIs, and (iii) either we have not met a condition precedent or we failed to perform or substantially perform our contractual obligations. The issues in the Adversary Proceeding have been bifurcated such that the issues of (i) whether the conveyances and transactions between us and ATP constituted outright transfers of ownership and (ii) whether the conveyances are executory contracts or leases that ATP may reject, will be tried first as "Phase 1" of the legal proceedings. Any additional claims, including the service company statutory lien claims and related issues, will be decided later in "Phase 2." This lawsuit is currently pending. We have entered into certain settlement agreements, discussed further below to resolve Phase 1 of the Adversary Proceeding.

On June 13, 2013, the bankruptcy court entered an order (Bankr. Dkt. No. 1999) approving ATP's request (set forth in Bankr. Dkt. No. 1902) to reject and/or abandon and relinquish its interests in the Gomez properties. Consequently, we no longer receive payments attributable to the Gomez properties.

In connection with an auction and various proceedings in the bankruptcy case, CS, as administrative and collateral agent to those lenders who are parties to that certain Senior Secured Super Priority Priming Debtor in Possession Credit Agreement dated August 29, 2012, or the DIP Lenders, submitted a Credit Bid - or bid based on a reduction in the amount of ATP's outstanding indebtedness to CS - to purchase the Telemark properties and certain other assets. On October 17, 2013, the bankruptcy court entered its Final Sale Order approving the sale (Bankr. Dkt. No. 2706) to Bennu Oil & Gas, LLC, or Bennu, a newly formed company owned by the DIP Lenders. The assets purchased included claims asserted by ATP in our pending Adversary Proceeding.

On May 20, 2014, Bennu substituted into the Adversary Proceeding for ATP with respect to any claims that relate to assets purchased from ATP.

On June 26, 2014, the bankruptcy court entered an order converting ATP’s bankruptcy case to a case under Chapter 7 of the U.S. Bankruptcy Code. Rodney D. Tow was appointed as Chapter 7 Trustee of ATP’s bankruptcy estate.

On September 3, 2014, Bennu filed a Motion to Dismiss claims between Bennu and us. In connection with the Motion to Dismiss, Bennu stated that it does not desire to pursue affirmative claims against us for recharacterization or disgorgement, and it disclaimed any intention to sue us regarding the characterization of the ORRIs. The Motion to Dismiss led to a series of disputes between us, Bennu, and the Trustee regarding who owns and/or holds the right prosecute and finally resolve the claims that were asserted by ATP against us. On January 28, 2015, the bankruptcy court entered an order (Adv. Dkt. No. 236), which determined, among other things, that Bennu has the exclusive right to seek to recharacterize the ORRIs as something other than a vested ownership in hydrocarbons to be produced. It also determined that (i) the Trustee has the exclusive right to seek to avoid payments made to OHAI under sections 544, 547 and 548 of the Bankruptcy Code and (ii) the Trustee may only pursue claims under section 549 that were not purchased by Bennu. On February 24, 2015, the Trustee filed an Amended Counterclaim against us which sought to avoid and recover alleged preferential transfers in the amount of $3.4 million. The Amended Counterclaim also sought to avoid post-petition royalty payments made to us from the Gomez Properties in the amount of $9.6 million and from the Telemark Properties in the amount of $13.4 million. As a result of the Amended Complaint, additional motions were filed by us and Bennu challenging the Trustee's right to bring the claims.

On April 30, 2015, we and Bennu filed an Expedited Joint Motion to Enter Agreed Judgment (Adv. Dkt. No. 251), seeking entry of an Agreed Judgment determining that, among other things, the ORRIs are a real property interest and a “production payment” within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code, and that the ORRIs are not and never were property of ATP’s bankruptcy estate. In connection with the Joint Motion, we entered into a Settlement and Release Agreement with Bennu pursuant to which, in exchange for Bennu agreeing to execute and seek entry of the Agreed Judgment, we agreed to withdraw and/or release Bennu from certain claims primarily relating to our claim for breach of the Acts of Subordination which were executed by CS in connection with the conveyance of the ORRIs. Our agreed release of Bennu was contingent upon the bankruptcy court’s entry of the Agreed Judgment. The proposed Agreed Judgment does not address any disputes between us and Bennu with respect to the terms of the ORRIs, including those relating to the treatment of our legal fees, default interest, or the claims asserted by the statutory lien claimants.

The Trustee filed an Objection to the Joint Motion to Enter Agreed Judgment (Adv. Dkt. No. 253), and on May 21, 2015, the Court conducted a hearing on our and Bennu's motions challenging the Trustee’s Amended Counterclaim and the Expedited Joint Motion to Enter Agreed Judgment. At the hearing, the Court announced its decision to dismiss the claim asserted by the Trustee to avoid post-petition royalty payments made to us from the Telemark properties. With respect to the remaining claims asserted in the Trustee’s Amended Counterclaim, the Court took our motion and Bennu’s motions under advisement. With respect to the Expedited Joint Motion to Enter Agreed Judgment, the Court indicated that it could not enter the Agreed Judgment in the Adversary Proceeding as long as the Trustee remains a party with pending claims. As a result, the Court abated the Expedited Joint Motion to Enter Agreed Judgment, pending further submission by us and Bennu.

On October 14, 2015, we entered into a Stipulation of Settlement and Release with the Trustee, Bennu and CS, as agent to the DIP Lenders (Adv. Dkt. No. 270, 271). Pursuant to the Stipulation, in exchange for a cash payment of $335,000 and a $3.0 million reduction/credit on the outstanding indebtedness owed by ATP to CS, the Trustee agreed (i) to dismiss any and all claims against us with prejudice, (ii) to release us from any and all claims of any nature; and (iii), among other things, that he shall not contest that the ORRIs are a real property interest and a “production payment” within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code, and that the ORRIs are not and never were property of ATP’s bankruptcy estate. The Trustee is deemed to have transferred to CS any rights he holds in section 549 claims, and CS and the DIP Lenders are, in turn, releasing us from such claims. In exchange for the agreements of the Trustee and CS, we agreed to prosecute a motion to dismiss our claims against the Trustee without prejudice. Our separate Settlement and Release Agreement with Bennu remains in effect, and we have released CS and the DIP Lenders from any claims relating to the ORRIs and our transaction documents, including the Acts of Subordination. On December 14, 2015, the Court entered its order approving the Stipulation, and it dismissed the Trustee’s claims with prejudice. On December 16, 2015, we filed a Motion to Dismiss Claims Against ATP Without Prejudice, and our Motion for Agreed Judgment was reset. On February 4, 2016, our Motion for Agreed Judgment was granted, and an Agreed Final Judgment [Adv. Dkt. No. 276] was entered determining that, among other things, the ORRIs are a real property interest and a “production payment” within the meaning of Sections 101

(42A) and 541(b) of the United States Bankruptcy Code. Likewise, our Motion to Dismiss Claims Against ATP Without Prejudice was granted The Agreed Judgment resolves Phase 1 of the Adversary Proceeding and should not negatively affect our rights in Phase 2, which should principally relate to the statutory lien claims and the proper calculation regarding the royalty payments necessary to cause termination of the ORRIs.

On February 3, 2016, we filed our Amended Motion to Dismiss the Complaints in Intervention Filed by the Statutory Lien Claimants [Adv. Dkt. No. 274]. And, on February 4, 2016, the Court set a briefing schedule and a hearing date of March 24, 2016 on our Amended Motion to Dismiss. We also filed a Motion to Withdraw the Reference of the Phase II Claims from the Bankruptcy Court to the District Court [Adv. Dkt. No. 278].

Through December 31, 2015 , we received post-petition royalty payments from the Gomez properties and the Telemark properties in the amount of $8.3 million and $27.1 million , respectively. It is estimated that the statutory lien claims asserted by intervenors in the Adversary Proceeding against our ORRIs are in the principal amount of approximately $35.2 million. At this time, we estimate that there are potential statutory lien claims (including the claims of the intervenors in the Adversary Proceeding, without regard to the validity of such claims) in the principal amount of approximately $54.2 million. We have or will assert that we have viable defenses with respect to all of the claims of the statutory lien claimants or any other claim which seeks to avoid or disgorge any pre-petition or post-petition royalty payment which we received in respect of the Telemark or Gomez properties. In the event we do not prevail on our defenses to the statutory lien claims or any other claim seeking to avoid or disgorge pre-petition or post-petition royalty payments, we contend that, pursuant to the terms of our transaction documents, we are entitled to include any amounts disgorged on account of any such claims into the unrecovered investment balance of our ORRIs. Moreover, to the extent we do not prevail on our defenses to any action brought by the holder of a statutory lien claim, we contend that we would be permitted to seek contribution from other ORRI and net profits interest holders with respect to any disgorged amounts.

However, in the event our defenses to the claims of the statutory lien claimants are unsuccessful or we otherwise become liable for disgorgement of any pre-petition or post-petition royalty payments which we have received from either the Gomez or Telemark properties, the remaining oil and gas reserves associated with the Telemark properties may be insufficient to provide for a full recovery on our investment. In the event that it is determined that we are not entitled to include amounts disgorged on account of statutory lien claims or other claims, if any, into the unrecovered investment balance of our ORRIs, any disgorged amounts will result in a failure to achieve our anticipated return and/or a loss on our investment.

While we intend to vigorously defend our legal positions in the Adversary Proceeding, there can be no assurance that we will ultimately prevail in any or all of these matters.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant’s Common Equity and Related Stockholder Matters

Effective October 1, 2014, our common stock began to trade on the NASDAQ Global Select Market under the symbol “OHAI.” Prior to that date, our common stock traded on the NASDAQ Global Select Market under the symbol “NGPC.” The following table sets forth the range of high and low sales prices of our common stock, as reported on the NASDAQ Global Select Market, and our dividends declared for the periods indicated.

	NAV (1)	Price Range		Cash Dividend per Share (2)
		High	Low	
Fiscal 2015				
Fourth quarter	$ 5.49	$ 4.87	$ 3.53	$ 0.12
Third quarter	6.71	5.74	4.00	0.12
Second quarter	7.16	5.98	5.10	0.12
First quarter	7.27	5.31	4.56	0.12
Fiscal 2014				
Fourth quarter	$ 7.48	$ 7.28	$ 4.46	$ 0.16
Third quarter	8.11	6.70	6.01	0.16
Second quarter	8.57	7.26	5.87	0.16
First quarter	8.73	7.74	6.74	0.16

(1) We calculate net asset value per share as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low closing sales prices. We calculate net asset value per share based on outstanding shares at the end of each period.

(2) Represents the dividend declared in the specified quarter.

The last reported price for our common stock on March 7, 2016 was $3.23 per share. On March 7, 2016, there were approximately 50 record holders. On February 5, 2016, the most recent record date available, there were 6,012 beneficial holders (held in street name) of our common stock, according to our transfer agent.

On September 30, 2014, in connection with the appointment of OHA as our investment advisor, we completed the private sale of $1 million in aggregate purchase price of our common stock at an offering price of $8.53 per share, for a total of 117,234 shares, to an affiliate of OHA, pursuant to the stock purchase and transaction agreement dated July 21, 2014, by and among us, OHA and the affiliate. The price per share paid by the affiliate was the net asset value per share established by our previous board of directors as of a date within 48 hours prior to the purchase, excluding the impact of certain transaction and closing expenses, and represented a 38% premium to the market price per share on such date. The OHA affiliate also executed a stock purchase plan in accordance with Rule 10b-5-1 of the Securities Exchange Act of 1934, pursuant to which it committed to purchase, from time to time during the 12-month period ending September 30, 2015, through open market purchases, additional shares of our common stock having an aggregate purchase price of $4 million. During the fourth quarter of 2014, the OHA affiliate fulfilled its obligations under this plan.

Stock Repurchase Plan

On October 31, 2011, our Board of Directors approved a stock repurchase plan, pursuant to which we may, from time to time, repurchase up to $10.0 million of our common stock in the open market at prices not to exceed net asset value during our open trading periods. Our Board of Directors authorized this plan because it believed that general market trading activity may cause our common stock to be undervalued from time to time. The repurchase program does not obligate us to purchase any shares and may be discontinued at any time. Pursuant to this plan, during 2012 and 2013, we repurchased an aggregate of 608,125 shares and 520,889 shares, respectively, of our common stock in the open market at an average price of $6.71 per share, for total purchases of $7.6 million. In March 2015, our Board of Directors authorized the Company to repurchase up to the remaining $2.4 million of common stock available to be repurchased under this plan. As of July 14, 2015, we completed the stock repurchases under the stock repurchase plan. Repurchases initiated after March 31, 2015 were made pursuant to a plan executed in accordance with Rule 10 b5-1 under the Securities Exchange Act of 1934.

There was no repurchase activity in the fourth quarter of 2015.

Distributions

Since the first full quarter following our initial public offering, we have distributed, and currently intend to continue to distribute in the form of dividends, a minimum of 90% of our investment company taxable income to our stockholders. We may retain long-term capital gains and treat them as deemed distributions for tax purposes. We determine the tax characteristics of our dividend distributions as of the end of the fiscal year, based on the taxable income for the full year and distributions paid during the year. Taxable income available for distribution differs from consolidated net investment income under GAAP due to (i) temporary and permanent differences in income and expense recognition, (ii) capital gains and losses, (iii) activity at taxable subsidiaries, and (iv) the timing and period of recognition regarding dividends declared in December of one year and paid in January of the following year. As a result, net investment income and net realized gain (loss) on investments for a reporting period may differ significantly from distributions during such period. We report the estimated tax characteristics of each distribution when declared, and we (or the applicable withholding agent) report the actual tax characteristics of dividends annually to each stockholder on Form 1099-DIV. There is no assurance that we will achieve investment results or maintain a tax status that will permit any specified level of cash distributions or year-to-year increases in cash distributions.

The tax characteristics of distributions paid in 2015 represented $11.0 million from ordinary income, none from return of capital and none from capital gains. For tax purposes, 15% of the $2.4 million dividend paid on January 8, 2016 was applied to 2015 taxable income and 85% will be applied to 2016 taxable income.

Our stock transfer agent, registrar and dividend reinvestment plan administrator is American Stock Transfer & Trust Company. You should direct information requests for American Stock Transfer & Trust Company to Operations Center, 6201 15 th Avenue, Brooklyn, NY 11219. Our transfer agent's telephone number for stockholder or dividend reinvestment services is 1-800-937-5449.

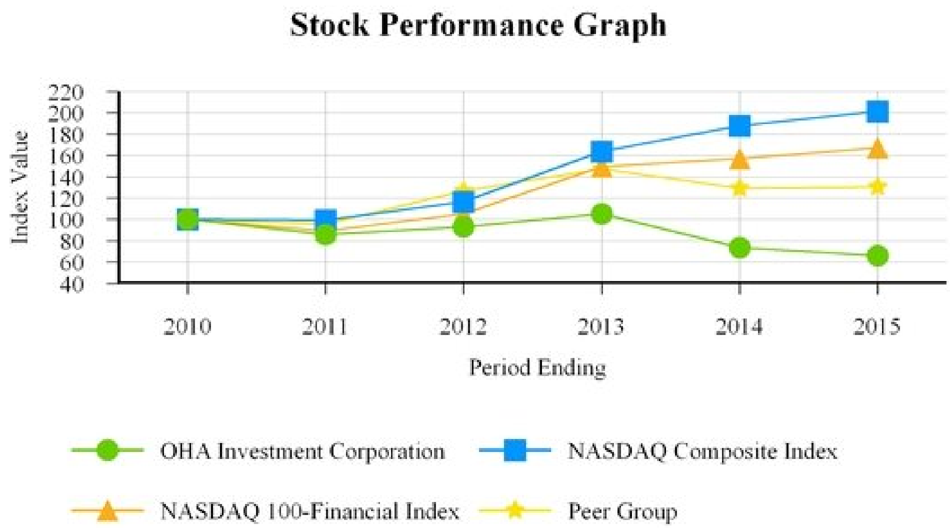
We have established an "opt out" dividend reinvestment plan, or DRIP plan, for our stockholders. As a result, if we declare a cash dividend, our plan agent automatically reinvests a stockholder's cash dividend in additional shares of our common stock unless the stockholder, or his or her broker, specifically "opts out" of the dividend reinvestment plan and elects to receive cash dividends. It is customary practice for many brokers to opt out of dividend reinvestment plans on behalf of their clients unless specifically instructed otherwise. The purpose of the DRIP plan is to provide stockholders with a method of investing cash dividends and distributions in additional shares at the current market price without charges for record-keeping, custodial and reporting services.

We intend, when permitted by the DRIP plan, to primarily use newly issued shares for reinvested dividends under the DRIP plan. However, we reserve the right to purchase shares in the open market in connection with the DRIP plan. The number of newly issued shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend payable to such stockholder by the average market price per share of our common stock at the close of regular trading on the exchange or market on which our shares of common stock are listed for the five trading days preceding the valuation date for such dividend.

We may not use newly issued shares to satisfy our obligations under the DRIP plan if the market price of our shares is less than our net asset value per share. In such event, the cash dividends are paid to the plan administrator who purchases shares in the open market for credit to the accounts of plan participants unless the average of the closing sales prices for the shares for the five days immediately preceding the payment date exceeds 110% of the most recently reported net asset value per share. The allocation of shares to the participants' plan accounts is based on the average cost of the shares so purchased, including brokerage commissions.

Stock Performance Graph

The following line graph compares the cumulative total return on an investment in our common stock against the cumulative total return of the NASDAQ Financial 100 Index, the NASDAQ Index and an index of peer companies (selected by us) for the five years ended December 31, 2015. The graph assumes that $100 was invested in our common stock and each index on December 31, 2010, and that dividends were reinvested. We selected the peer group in good faith and it consists of the following six business development companies: Gladstone Capital Corporation, Gladstone Investment Corporation, KCAP Financial, Inc., CM Finance LLC, THL Credit, Inc. and Stellus Capital Investment Corporation. Our peer group includes BDCs that generally invest in similar types of securities as we do, with market capitalizations between $100 million and $600 million and initial public offering dates in 2010 or earlier. The index of our peer companies index uses beginning of period market capitalization weighting. This historic stock price Performance Graph and the related textual information are not necessarily indicative of future performance.



Item 6. Selected Financial Data

The following table contains our selected financial data, as of and for the dates and periods indicated. We derived the selected financial data from our audited financial statements, and you should read it in conjunction with our financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Annual Report on Form 10-K.

	Year ended December 31,				
	2015	2014	2013	2012	2011
	(In Thousands, Except Per Share Data and Other Data)				
Income Statement Data					
Total investment income	$ 22,049	$ 22,119	$ 27,912	$ 23,369	$ 27,903
Total operating expenses [(1)]	12,008	18,812	15,245	11,560	12,034
Net investment income [(1)]	9,969	3,198	12,576	11,763	15,809
Net realized capital loss on investments	(218)	(12,430)	(2,261)	(17,827)	(30,614)
Net unrealized appreciation (depreciation) on investments	(40,973)	(12,999)	(6,445)	23,415	(5,083)
Net increase (decrease) in net assets resulting from operations [(1)]	$ (31,222)	$ (22,231)	$ 3,870	$ 17,351	$ (19,888)
Per Share Data					
Net investment income [(1)]	$ 0.49	$ 0.16	$ 0.61	$ 0.55	$ 0.73
Net realized and unrealized gain (loss) on investments	(2.03)	(1.24)	(0.42)	0.26	(1.65)
Net increase (decrease) in net assets resulting from operations [(1)]	$ (1.54)	$ (1.08)	$ 0.19	$ 0.81	$ (0.92)
Dividends declared	$ 0.48	$ 0.64	$ 0.64	$ 0.57	$ 0.72
Net asset value per share	$ 5.49	$ 7.48	$ 9.20	$ 9.57	$ 9.26
Balance Sheet Data					
Total investments	$ 209,707	$ 206,763	$ 257,371	$ 259,610	$ 145,057
Portfolio investments at fair value	174,710	176,163	211,371	213,614	145,057
Cash and cash equivalents	15,554	31,455	29,298	47,655	106,570
Total assets	228,477	242,175	292,623	312,322	256,581
Total debt [(2)]	72,000	52,000	53,000	59,500	50,000
Total net assets	110,780	154,164	188,552	201,266	200,266
Other Data					
Weighted average yield on portfolio investments [(3)]	9.6%	9.2%	10.2%	10.0%	11.6%
Number of portfolio companies	17	15	16	14	19
Expense ratios (as a percentage of average net assets):					
Interest expense and bank fees	2.4%	1.2%	1.7%	1.0%	0.7%
Management fees	2.1%	2.6%	2.9%	2.3%	2.3%
Incentive fees	0.7%	—%	0.2%	—%	0.1%
Costs related to strategic alternatives review	—%	3.4%	0.3%	—%	—%
Other operating expenses	3.2%	3.5%	2.8%	2.4%	2.3%
Total operating expenses	8.4%	10.7%	7.9%	5.7%	5.4%

(1) Includes $6.0 million and $0.6 million, or $0.29 and $0.03 per share, in 2014 and 2013, respectively, of costs related to our review of strategic alternatives. See Note 1 of Notes to Consolidated Financial Statements included elsewhere herein for further discussion.

(2) Excludes amounts borrowed to purchase U.S. Treasury bills.

(3) Calculated as of the end of the period, based on cost.

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

You should read the following analysis of our financial condition and results of operations in conjunction with our financial statements and the notes thereto contained elsewhere in this Annual Report on Form 10-K.

Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K that relate to estimates or expectations of our future performance or financial condition may constitute "forward-looking statements." These forward-looking statements are subject to various risks and uncertainties, which could cause actual results and conditions to differ materially from those projected, including, but not limited to:

- uncertainties associated with the timing and likelihood of investment transaction closings;
- changes in interest rates;
- the future operating results of our portfolio companies and their ability to achieve their objectives;
- changes in regional, national or international economic conditions and their impact on the industries in which we invest;
- disruptions in the credit and capital markets;
- changes in the conditions of the industries in which we invest;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operations of our portfolio companies;
- the ability of OHA to locate suitable investments for us and to monitor and administer our investments;
- other factors enumerated in our filings with the Securities and Exchange Commission, or the SEC;
- further decrease in oil and gas prices for an extended period causing further losses in E&P holdings; and
- effects of current and pending legislation.

We may use words such as "anticipates," "believes," "intends," "plans," "expects," "projects," "estimates," "will," "should," "may" and similar expressions to identify forward-looking statements. These forward-looking statements are subject to various risks and uncertainties. Certain factors could cause actual results and conditions to differ materially from those projected and our historical experience. You should not place undue reliance on such forward-looking statements, which speak only as of the date they are made. We undertake no obligation to update our forward-looking statements made herein, unless required by law.

Overview

We are a specialty finance company designed to provide our investors with current income and capital appreciation. We focus primarily on providing creative direct lending solutions to middle market private companies across industry sectors. Our investment objective is to generate both current income and capital appreciation primarily through debt investments, some of which include equity components. Our investment activities are managed by Oak Hill Advisors, L.P., or OHA, and supervised by our Board of Directors, the majority of whose members are independent of us and OHA and its affiliates.

OHA (and its affiliated investment advisors and predecessor firms) continues to build on its over 20-year history of investing in various asset classes and believes that its past success is a reflection of the firm's consistent investment philosophy, strategy and process. As our investment advisor, OHA seeks to expand our portfolio's exposure to a broader range of industries beyond energy, focusing on the middle market. OHA believes that middle market companies are generally less able to secure financing from public financial markets than larger companies and thus offer better return opportunities for firms able to originate and structure these investments, along with conducting the necessary diligence to appropriately evaluate these opportunities.

OHA expects that most of our new investments will be in senior and junior secured, unsecured and subordinated debt securities in U.S. private and small public middle market companies with maturities ranging from three to seven years. However, OHA seeks to identify attractive investments throughout the capital structure and thus may invest in equity, distressed debt, residual interests of collateralized loan obligation funds, or CLOs, and other assets. We may invest in newly issued securities and acquire investments in the secondary market. We do not currently intend to invest in mortgage-related structured products.

On September 30, 2014, our stockholders approved the appointment of OHA as our investment advisor, replacing NGP Investment Advisor, LP, which had been our investment advisor since our inception. In connection with this change in investment advisor, we changed our name from NGP Capital Resources Company to OHA Investment Corporation, or OHAI. OHA is a registered investment adviser under the Investment Advisers Act of 1940, or the Advisers Act. OHA acts as our investment advisor and administrator pursuant to an investment advisory agreement and an administration agreement, respectively, each dated as of September 30, 2014, which we refer to as the Investment Advisory Agreement and the Administration Agreement, respectively.

The aggregate fair value of our investment portfolio at December 31, 2015 was $174.7 million , with such value comprised of 17 active portfolio investments compared to 13 active portfolio investments at December 31, 2014 and 10 active portfolio investments at September 30, 2014. Under our previous investment advisor, we focused our investments primarily on small and mid-size companies engaged in the upstream sector of the energy industry, which includes businesses that find, develop and extract energy resources, such as natural gas, crude oil and coal. Consequently, a significant portion of our current investment portfolio value is comprised of debt securities and other investments in upstream exploration and production companies engaged in the acquisition, development and production of oil and natural gas properties in and along the Gulf Coast and in the state and federal waters of the Gulf of Mexico.

Part of our current investment approach is to reduce our portfolio concentration in the energy industry and to diversify our portfolio with investments in debt securities of U.S. private and small public middle market companies across various industry sectors. The concentration of our investment portfolio in the energy sector decreased to 41% at December 31, 2015 from 74% at September 30, 2014, on a fair value basis.

Our historical focus and current concentration in the energy sector causes our portfolio to be particularly influenced by commodity prices for oil and natural gas, which declined dramatically during the fourth quarter of 2014 and remain significantly lower than they have been in recent years. Further decline in commodity prices or increased volatility in the energy markets, particularly in North America, may further significantly affect the business, financial condition, results of operations and cash flows of our energy-related portfolio companies and their ability to meet financial commitments, which would negatively impact the fair values of our energy-related investments in such companies and, in turn, our net asset value. These factors may also extend the holding period for such investments, thus impacting our ability to reduce the concentration of energy investments in our portfolio.

Our level of investment activity can and does vary substantially from period to period depending on many factors. Some of these factors are the amount of debt and equity capital available to middle market companies, the level of acquisition and divestiture activity for such companies, the general economic environment and the competitive environment for the types of investments we make, and our own ability to raise capital to fund our investments, both through the issuance of debt and equity securities. If a substantial portion of our investment portfolio were to be realized in the near term, no assurance can be given that OHA will be able to source sufficient appropriate investments for us to timely replace the investment income from the realized investments.

Portfolio and Investment Activity

In March 2015, we purchased an $18.7 million second lien term loan to Foundation Building Materials, LLC, or FBM, a national distributor of drywall and related building products. The second lien term loan to FBM was purchased at a 1% discount, earned interest payable in cash at a rate of 12% per annum (LIBOR+11.0% with a 1% floor) and would have matured in April 2019. In October 2015, FBM prepaid its second lien term loan in the amount of $19.1 million. This prepayment included a 2%, or $0.4 million, call premium, and we recorded previously unamortized original issue discount of $0.2 million as additional interest income as a result of this prepayment. This investment generated an internal rate of return of 18.8% and a return on investment of 1.10x.

In March 2015, we also purchased a $2.5 million second lien term loan to Stardust Financial Holdings, Inc., an affiliate of Hanson Building Products, or Hanson, a manufacturer of a diversified range of concrete and clay building products in the United States, Canada and the United Kingdom. We made an initial purchase of $2.4 million at a discount of 9% and subsequently purchased an additional $0.1 million at a discount of 6.5%. The Hanson second lien term loan earns interest payable in cash at a rate of 10.5% per annum (LIBOR+9.5% with a 1% floor) and matures in March 2023.

In May 2015, we purchased an additional $5.0 million of the Hanson second lien term loan, adding to our $2.5 million position that was acquired in March 2015. The $5.0 million Hanson second term loan was purchased at a 3.75% discount, earns interest payable in cash at a rate of 10.5% per annum (LIBOR+9.5% with a 1% floor) and matures in March 2023.

In May 2015, we purchased a combined $4.0 million second lien term loan to affiliates of WASH Multifamily Parent, Inc., through two issuers, WASH Multifamily Acquisition, Inc., or WASH, and Coinamatic Canada Inc., or WASH Canada, of $3.4 million and $0.6 million, respectively. WASH is a major provider of outsourced laundry equipment services for multifamily housing properties in the United States and Canada. The second lien term loans were funded at 0.75% discount, earn interest payable in cash at a rate of 8.0% per annum (LIBOR+7.0% with a 1% floor) and mature in May 2023.

In June 2015, Citadel Plastics Holdings, or Citadel, prepaid its second lien term loan in the amount of $10.0 million. This prepayment included a 2%, or $0.2 million, call premium, and we recorded previously unamortized original issue discount of $0.1 million as additional interest income as a result of this prepayment. This investment was initiated in November 2014 and generated an internal rate of return of 15.8% and a return on investment of 1.08x.

In June 2015, Spirit Resources, LLC sold substantially all its assets resulting in net proceeds received by us of $1.1 million. In connection with the assets sale, we conveyed the 3% overriding royalty interest back to Spirit, of which $0.3 million of the net sales proceeds received were applied, resulting in a capital gain of $0.3 million. The remaining proceeds were primarily applied to the outstanding principal balance of the Spirit senior secured term loan.

In June 2015, we purchased a $10.0 million second lien term loan to Royal Holdings, Inc., a global manufacturer of high-value specialty adhesives and sealants. The Royal Holdings, Inc. second lien term loan was issued at a 0.75% discount, earns interest payable in cash at a rate of 8.5% per annum (LIBOR+7.5% with a 1% floor) and matures in June 2023.

In July 2015, we purchased a total of $1.8 million in senior unsecured notes issued by TIBCO Software, Inc., or TIBCO, a software company focused on middleware, event processing and business intelligence and analytics. The senior unsecured notes issued by TIBCO purchased at a 1.44% discount, earn interest payable in cash at a rate of 11.375% per annum and mature in December 2021. In October 2015 and December 2015, we purchased an additional $5.3 million and $3.0 million, respectively, in senior unsecured notes issued by TIBCO at a 2.25% and 8.5% discount, respectively, earn interest payable in cash at a rate of 11.375% per annum and mature in December 2021.

In July 2015, Huff Energy Holdings, Inc., or Huff, prepaid its first lien secured debt and repurchased its warrants and overriding royalty interest in the amount of $5.0 million. This prepayment included accrued interest and certain administration and legal fees. This investment was initiated in August 2008 and generated an internal rate of return of 16.6% and a return on investment of 1.74x.

In August 2015, we purchased a $3.1 million second lien term loan to Appriss Holdings, Inc., or Appriss, adding to our $10.0 million position that was previously acquired in November 2014. The $3.1 million Appriss loan was purchased at a 1.5% discount, earns interest payable in cash at a rate of 9.25% per annum (LIBOR+8.25% with a 1% floor) and matures in May 2021.

In September 2015, we purchased a $4.2 million purchase of a first lien senior secured notes issued by Synarc-BioCore Holdings, LLC, or BioClinica, a provider of specialty outsourced services to pharmaceutical sponsors, contract research organizations and biotechnology companies. The first lien senior secured notes issued by BioClinica were funded at a 2.5% discount, earn interest payable in cash at a rate of 7.75% per annum and mature in March 2021. Subsequently, in October 2015, we sold $1.8 million of the first lien senior secured notes at our cost.

In October and November 2015, we purchased a total of $12.0 million in a second lien term loan to Kronos Incorporated, or Kronos, a global workforce management software company. The Kronos second lien term loan was purchased at a 1.25% premium, earns interest payable in cash at a rate of 9.75% per annum (LIBOR+8.5% with a 1.25% floor) and matures in April 2020.

In December 2015, we purchased a total of $5.5 million in a second lien term loan to Berlin Packaging, or Berlin, a hybrid packaging supplier of custom and stock packaging and related services for the food, beverage, household and personal care, and healthcare markets. The Berlin second lien term loan was purchased at a 5.0% discount, earns interest payable in cash at a rate of 7.75% per annum (LIBOR+6.75% with a 1.0% floor) and matures in October 2022.

In 2011 and 2012, we purchased from ATP Oil & Gas Corporation, or ATP, limited-term overriding royalty interests, or ORRIs, in certain offshore oil and gas producing properties operated by ATP in the Gulf of Mexico, including $25.0 million paid on July 3, 2012. Under this arrangement, we purchased the right to portions (ranging from 5.0% to 10.8%) of the monthly production proceeds from the various oil and gas properties subject to the ORRIs in ATP's Gomez and Telemark properties. The terms of the ORRIs provide that they will terminate after we receive production payments that equal a defined sum calculated (generally) based on our investment in the ORRIs plus a time-value factor at a rate of 13.2% per annum. On August

17, 2012, ATP filed for protection under Chapter 11 of the U.S. Bankruptcy Code. For more information, please refer to the discussion of the ATP Litigation under the heading “Legal Proceedings” in Note 6 to our interim consolidated financial statements. As of December 31, 2015 , our unrecovered investment was $28.6 million , and we had received aggregate production payments of $35.4 million subject to a disgorgement agreement. In addition, as of December 31, 2015 , we had incurred legal and consulting fees totaling $5.3 million in connection with the enforcement of our rights under the ORRIs. On various occasions, we have provided notice that such legal expenses will be added to our unrecovered investment balance to the extent they are not reimbursed. To date, we have not received any payments on account of legal expenses aside from our receipt of regular monthly production payments. We add our legal expenses to the unrecovered investment balance in accordance with our transaction documents. As of December 31, 2015 , $5.0 million of the $5.3 million in legal and consulting fees have been added to, and are thus included in, the unrecovered investment balance under the terms of our transaction documents. The remaining amounts of legal and consulting fees, totaling $0.3 million and $0.1 million as of December 31, 2015 and December 31, 2014, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets and are, thus, not included in the unrecovered investment balance as of such dates.

The table below shows our portfolio investments by type for the periods indicated. We compute yields on investments using interest rates as of the balance sheet date and include amortization of original issue discount and market premium or discount, royalty income and other similar investment income, weighted by their respective costs when averaged. Such weighted average yields are not necessarily indicative of expected total returns on a portfolio.

	December 31, 2015			December 31, 2014		
	Weighted Average Yields [(1)]	Percentage of Portfolio		Weighted Average Yields [(1)]	Percentage of Portfolio	
		Cost	Fair Value		Cost	Fair Value
First lien secured debt	8.3%	9.3%	1.9%	—%	13.0%	6.4%
Second lien debt	10.0%	30.8%	39.8%	9.7%	21.2%	23.5%
Subordinated debt	13.3%	19.9%	21.7%	13.1%	18.2%	20.2%
Limited term royalties	11.8%	11.6%	6.8%	13.9%	13.4%	13.5%
Royalty interests	—%	—%	—%	n/m	—%	0.2%
Redeemable preferred units	10.0%	21.4%	25.1%	8.0%	25.1%	31.2%
CLO residual interests [(2)]	13.3%	2.6%	3.2%	12.0%	3.5%	4.0%
Equity securities						
Membership and partnership units	—%	4.4%	1.5%	—%	5.3%	1.0%
Common stock	—%	—%	—%	—%	0.2%	—%
Warrants	—%	—%	—%	—%	0.1%	—%
Total equity securities	—%	4.4%	1.5%	—%	5.6%	1.0%
Total portfolio investments	11.0%	100.0%	100.0%	10.1%	100.0%	100.0%

(1) Weighted average yield exclude non-yielding assets.

(2) Yields from investments in CLO residual interests represent the implied internal rate of return calculation expected from cash flows.

As of December 31, 2015 and December 31, 2014, the total fair value of our portfolio investments was $174.7 million and $176.2 million, respectively. Of those fair value totals, approximately $107.3 million , or 61.4% , as of December 31, 2015 , and $138.6 million, or 78.7%, as of December 31, 2014, are determined using significant unobservable (i.e., Level 3) inputs.

Results of Operations

The following sections analyze our results of operations for the year ended December 31, 2015 compared to 2014 and for the year ended December 31, 2014 compared to 2013.

Investment Income

Investment income includes interest on our investments, dividend income and royalty income. Dividend income is income we from certain of our equity investments. Royalty income is net of amortization that we receive in connection with certain of our investments. These fees are recognized as earned. The table below summarizes the components of our investment income.

Investment Income (in thousands)	For the year ended December 31, 2015	2014	2013
Interest income	$ 16,724	$ 17,452	$ 23,711
Dividend income	$ 4,279	$ 4,002	$ 3,988
Royalty income, net of amortization, and other	$ 1,046	$ 665	$ 213
Total investment income	$ 22,049	$ 22,119	$ 27,912

Investment income decreased in 2015 from 2014 by $0.1 million as a result of a decline in the weighted average investment income yield of 9.4% in 2015 from 11.0% in 2014, partially offset by an increase in the average portfolio investment balance of $21.9 million plus $1.3 million in prepayment premiums, amendment fees and default interest earned.

Investment income decreased in 2014 from 2013 primarily as a result of “make whole” interest income earned in 2013 totaling $2.5 million from the repayments of loans to Resaca Exploitation, Inc., or Resaca, and Castex Energy Development Fund, LLC, or CDF, and as a result of lower average portfolio balances in 2014. Our average portfolio balance, on a cost basis, declined to $198.5 million in 2014, from $222.3 million in 2013, primarily as a result of the volume of realizations exceeding the volume of new investments during 2014.

Operating Expenses

Operating expenses include our allocable portion of operating expenses incurred on our behalf by our investment advisor and our administrator. Other general and administrative expenses include our allocated share of employee, facilities, and stockholder services incurred by our administrator. The table below summarizes the components of our operating expenses.

Operating Expenses (in thousands)	For the year ended December 31, 2015	2014	2013
Interest expense and bank fees	3,480	2,119	3,239
Management fees	3,034	4,602	5,569
Incentive fees	969	—	420
Costs related to strategic alternatives review	—	6,040	644
Professional fees	2,126	1,437	1,428
Other general and administrative expenses	2,399	4,614	3,945
Total operating expenses	$ 12,008	$ 18,812	$ 15,245

Operating expenses decreased $6.8 million in 2015 from 2014. Management fees were lower in 2015 primarily as a result of the lower base management fee structure in the Investment Advisory Agreement with OHA as compared to the base management fee structure under our former investment advisory agreement. During 2014 we also incurred $6.0 million of non-recurring costs related to our strategic alternatives review process, which ultimately resulted in the appointment of OHA as our new investment advisor as of September 30, 2014. Professional fees increased during 2015 compared to 2014, primarily due to legal fees and recruitment fees. Other general and administrative expenses decreased during 2015 compared to 2014, as a result of costs incurred in connection with our shelf registration statement that expired in the second quarter of 2014, lower personnel costs, lower insurance expense and a credit applied to our expenses of $0.5 million from OHA related to expenses in excess of the Cap under the Investment Advisory Agreement and the Administration Agreement, partially offset by settlement expenses related to our ATP legal proceedings.

During 2014 operating expenses increased $3.6 million from 2013, primarily as a result of $6.0 million of costs related to our strategic alternatives review, which are discussed in more detail in the following paragraph. Interest expense and the amortization of bank fees on our credit facilities decreased as a result of decreased borrowing levels supporting our smaller investment portfolio. Management and incentive fees of $4.6 million were 23% lower during 2014, compared to $6.0 million in the prior year, primarily as a result of lower base management fees in 2014 and investment income incentive fees of $0.4 million in 2013, driven by our net investment income exceeding the quarterly hurdle rate of 2% in the second quarter of 2013. Our net investment income did not exceed the incentive fee hurdle rate for any other quarter in 2014 or 2013. Base management fees were lower in 2014, in part, as a result of the lower base management fee structure in the Investment Advisory Agreement with OHA as compared to the base management fee structure associated with our former investment advisor. Professional fees, insurance expenses and other general and administrative expenses in 2014 increased primarily as a result of administrative costs expensed upon the expiration of our shelf registration statement on Form N-2 in April 2014.

In connection with the transactions surrounding the appointment of OHA as our investment advisor, and the related process of evaluating strategic alternatives, we incurred costs totaling $6.0 million, or $0.29 per share, during 2014, including $3.4 million of retention payments to employees of our former administrator pursuant to retention agreements entered into in September 2013 and allocated to us under the terms of the administration agreement with NGP Administration, LLC, $1.1 million for a "tail" insurance policy covering our former directors and officers, and $1.5 million of legal and investment banking advisory fees. We also incurred an additional $0.6 million, or $0.03 per share, of legal and consulting costs related to the strategic alternatives review during the fourth quarter of 2013. Thus, the total cost incurred related to the strategic review process was $6.7 million, or $0.32 per share.

According to the terms of our previous investment advisory agreement with NGP Investment Advisor, LP, prior to September 30, 2014, we calculated the base management fee quarterly as 0.45% of the average of our total assets (inclusive of all cash and cash equivalents without any exclusions) as of the end of the two most recent fiscal quarters. According to the terms of our new Investment Advisory Agreement with OHA, effective September 30, 2014, we calculate the base management as 0.4375% (reduced to 0.375% in the first year) of the average of our total assets (excluding cash, cash equivalents and U.S. Treasury Bills that are purchased with borrowed funds solely for the purpose of satisfying quarter-end diversification requirements related to our election to be taxed as a RIC under the Code). Consequently, our base management fee, relative to our total asset balances, is lower under the Investment Advisory Agreement than it was under our previous investment advisory agreement.

Under the Investment Advisory Agreement, the investment income incentive fee is calculated quarterly at a rate of 20% of quarterly net investment income above a "hurdle rate" of 1.75% per quarter (7% annualized) with a "catch up" provision. Under our previous investment advisory agreement, the investment income incentive fee was calculated at 20% of net investment income above a "hurdle rate" of 2.0% per quarter (8% annualized) with no "catch up" provision. We incurred $1.0 million in incentive fees during 2015 and did not incur any incentive fees in 2014 or 2013.

Net Investment Income

Net Investment Income	**For the year ended December 31,**		
(in thousands, except per share data)	**2015**	**2014**	**2013**
Net investment income	$ 9,969	$ 3,198	$ 12,576
Net investment income per common share	0.49	0.16	0.61

During 2015 the increase in net investment income compared to 2014 was driven primarily by the $6.0 million of costs related to the strategic alternatives review process in 2014.

During 2014 the decrease in net investment income compared to 2013 was primarily attributable to the $6.0 million of costs related to the strategic alternatives review process, the $2.5 million of "make whole" interest income in 2013 associated with the repayments of loans from Resaca and CDF, and lower average portfolio balances during 2014.

Net Realized Losses

Net realized gains and losses is the difference between the net proceeds received from dispositions of portfolio investments and their stated costs. Realized losses may also be recorded in connection with our determination that certain investments are considered worthless securities and/or meet the conditions for loss recognition per the applicable tax rules.

Net Realized Gains and Losses	**For the year ended December 31,**		
(in thousands, except per share data)	**2015**	**2014**	**2013**
Net realized gains and losses	$ (218)	$ (12,430)	$ (2,261)
Net realized gains and losses per common share	(0.01)	(0.61)	(0.11)

During 2015 we realized net losses of $0.2 million primarily related to the redemption of our Myriant shares and expiration of our Myriant warrants. These realized losses were partially offset by a realized gain related to the reconveyance of a component of our Spirit investments and Huff warrants.

During 2014 we recognized net realized losses of $12.4 million primarily as the result of losses of $9.4 million on the disposition of our GMX 2018 Notes and $4.3 million on the write-off of our investment in Chroma preferred stock, both of which losses were recorded as unrealized depreciation on investments in previous years. These realized losses were partially offset by realized gains of $0.9 million on the realization of our investments in Crossroads and $0.7 million on the sale of our Midstates Notes, and net losses on remaining realizations of $0.3 million.

During 2013 we recognized net realized losses of $2.3 million resulting from a $3.3 million loss on the disposition of our warrants and common stock of Resaca, a $1.6 million loss from the sale of our shares of GMX common stock and a $0.5 million loss resulting from adjustments to the amounts recorded on our 2011 sales of our investments in Alden Resources, or Alden, and DeanLake Operator, LLC, or DeanLake, partially offset by a $1.8 million gain from the sale of our Class B LP units of CDF and a $1.3 million gain from the sale of $10.0 million face amount of EP Energy, LLC Senior Unsecured Notes.

Unrealized Appreciation or Depreciation on Investments

Net unrealized appreciation or depreciation is the net change in the fair value of our investments during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

Net Unrealized Appreciation (Depreciation) on Investments	**For the year ended December 31,**		
(in thousands, except per share data)	**2015**	**2014**	**2013**
Control investments	(5,222)	(19,144)	(3,709)
Affiliate investments	802	(90)	2,661
Non-affiliate investments	(36,553)	6,235	(5,398)
Benefit (provision) for taxes on unrealized appreciation (depreciation) on investments	—	—	1
Net unrealized appreciation (depreciation) on investments	(40,973)	(12,999)	(6,445)
Net unrealized appreciation (depreciation) on investments per common share	(2.02)	(0.63)	(0.31)

Control Investments

During 2015 the increase in net unrealized depreciation on our control investments was primarily due to a decrease in the fair value of our Contour and Spirit investments of $4.3 million and $0.9 million, respectively. During 2014 the increase in net unrealized depreciation on our control investments was primarily due to a decrease in fair value of our Contour and Spirit investments of $7.1 million and $12.1 million, respectively. In 2013 the increase in net unrealized depreciation on our control investments was primarily due to a decrease in the fair value of our Spirit investment of $4.0 million, offset by an increase in the fair value of our Contour investment of $0.3 million.

Affiliate Investments

During 2015 the increase in net unrealized appreciation on our affiliate investments was attributable to an increase in the fair value of our investment in OCI of $0.8 million. During 2014 the increase in net unrealized depreciation on our affiliate investments was attributable to a decrease in fair value of our investment in OCI of $0.1 million. In 2013 the increase in net unrealized appreciation on our affiliate investments was attributable to the reversal of unrealized depreciation, due to realization, on our investment in Resaca common stock and warrants of $3.1 million, partially offset by a change in fair value of our investment in OCI.

Non-Affiliate Investments

During 2015 the increase in net unrealized depreciation on our non-affiliate investments was primarily due to a decrease in the fair value of our investments in ATP of $12.8 million, Castex of $12.2 million, Talos of $5.8 million, Shoreline Energy, LLC of $2.5 million, TIBCO Software, Inc. of $1.3 million, KOVA International, Inc. of $1.1 million, and other investments of $1.8 million. These decreases were partially offset by increase in the fair value of some of our investments and the reversal of net unrealized losses due to realization of $0.9 million.

In 2014 we recognized net unrealized appreciation of $6.2 million primarily due to an increase in the estimated fair value of our investment in Castex of $2.2 million and the reversal of unrealized losses related to the realization of our investments in the GMX 2018 Notes of $9.4 million and Chroma preferred stock of $4.3 million. This was partially offset by decreases in fair value of our investments in ATP of $3.3 million, Shoreline of $1.5 million, Talos of $1.4 million, other investments of $1.2 million, and the reversal of unrealized gains related to the realization of our investments in Crossroads Energy of $1.5 million and Midstates of $0.8 million.

During 2013 the increase in net unrealized depreciation on our non-affiliate investments was primarily due to a decrease in the fair value of our investments in GMX 2018 Notes and common stock of $6.5 million, EP Energy, LLC Senior Unsecured Notes of $1.3 million and the reversal of unrealized appreciation, due to realizations, on our investments in CDF of $1.3 million. These decreases were partially offset by increases in the fair value of our investments in Castex of $1.6 million, Crossroads warrants and ORRI of $1.5 million and net increases in our remaining investments of $0.6 million.

Net Increase or Decrease in Net Assets Resulting from Operations

The table below summarizes the components of our net increase or decrease in net assets resulting from operations.

Net Increase (Decrease) in Net Assets Resulting from Operations	**For the year ended December 31,**		
(in thousands, except per share data)	**2015**	**2014**	**2013**
Net increase (decrease) in net assets resulting from operations	(31,222)	(22,231)	3,870
Net increase (decrease) in net assets resulting from operations per common share	(1.54)	(1.08)	0.19

During 2015 the net decrease in net assets results from operations compared to 2014 is primarily attributable to the $28.0 million increase in unrealized losses on our investments, partially offset by the $6.8 million increase in net investment income and a decrease in realized loss of $12.2 million , all of which are described above.

During 2014 the net decrease in net assets results from operations compared to 2013 is primarily attributable to the $16.7 million increase in net realized and unrealized losses on our investments and a $9.4 million decrease in net investment income, both of which are described above.

Financial Condition, Liquidity and Capital Resources

At December 31, 2015 , we had cash and cash equivalents totaling $15.6 million .

During 2015 our increase of net cash used in operating activities is primarily due to higher net purchases of portfolio investments. Purchases of portfolio investments totaled $74.4 million during 2015 as compared to $39.7 million in 2014 and $98.7 million in 2013.

Proceeds from the realization of portfolio investments totaled $38.0 million during 2015, compared to $51.8 million during 2014 and $94.7 million during 2013.

During 2015 we generated net cash inflows from operations of $9.3 million , excluding net purchases and redemptions of portfolio investments, compared to $18.2 million net cash inflows during 2014 and $8.8 million net cash inflows during 2013. The lower amount of cash generated from operations during 2015 was primarily attributable to timing differences on purchases and sales of our U.S. Treasury bills and normal operational activity between the three years and fluctuations in realized and unrealized gains (losses) on our portfolio investments.

Our increase of net cash provided by financing activities is primarily due to borrowing and distribution activity. At December 31, 2015 , the amount outstanding under our $72.0 million Third Amended and Restated Revolving Credit Agreement, or the Investment Facility, was $72.0 million, and there was no additional amount available for borrowing. We repaid $12.0 million of the balance outstanding under the Investment Facility in early January 2016 with available cash. The $30.0 million Treasury Secured Revolving Credit Agreement matured on September 24, 2015 and was not renewed. On December 22, 2015 , we purchased $35.0 million of U.S. Treasury bills and contemporaneously entered into a repurchase arrangement with Bank of America Merrill Lynch, or BAML, to finance such purchase. Under the repurchase arrangement, we transferred $35.0 million of U.S. Treasury bills and $0.7 million of cash to BAML as collateral under the repurchase agreement. See Note 3 to our consolidated financial statements.

During 2015 we paid cash dividends totaling $10.6 million , or $0.52 per share, to our common stockholders compared to $13.1 million , or $0.64 per share, during 2014 and $13.3 million , or $0.64 per share, during 2013. In December 2015, we declared a fourth quarter dividend totaling $2.4 million , or $0.12 per share, which was paid in January 2016. We currently intend to continue to distribute, out of assets legally available for distribution and as determined by our Board of Directors, in the form of quarterly distributions, a minimum of 90% of our annual investment company taxable income to our stockholders.

In March 2015, our Board of Directors authorized us to repurchase up to the remaining $2.4 million available to be repurchased under a previously approved plan, which was completed in the third quarter of 2015. See Note 8 to our consolidated financial statements.

We expect to fund our investments and our operations in 2016 from available cash, proceeds from realizations of existing investments and from borrowings under the Investment Facility or a successor credit facility. In the future, we may also fund a portion of our investments with issuances of equity or senior debt securities. We expect our primary use of funds to be investments in portfolio companies, cash distributions to holders of our common stock and payment of fees and other operating expenses. We believe we had sufficient assets to cover any obligations under our unfunded commitments as of December 31, 2015.

As of March 15, 2016, the total outstanding principal amount of our debt obligations under our Investment Facility is $67.5 million. This amount, along with accrued interest, will be due and payable upon expiration of our Investment Facility which is scheduled to expire on May 23, 2016. We are currently in the process of negotiating a new investment facility, which we expect to have in place prior to that date. However, if we do not have a new investment facility in place prior to that date, or if we are unable to extend our existing Investment Facility, we will consider a number of actions in order to increase our liquidity to levels sufficient to meet our debt obligations under the existing Investment Facility and any other anticipated cash needs for the 12 months ended December 31, 2016. These actions include: refinancing our debt obligations with other lenders, disposing of certain portfolio investments, and reducing other controllable cash outflows.

We believe we are able to take such actions in a manner that would enable us to meet our debt obligations and other cash needs through December 31, 2016. However, failure to successfully execute our liquidity plans or otherwise address our liquidity needs may have a material adverse effect on our business and financial position, and may materially affect our ability to continue as a going concern.

Commodity Derivative Instruments

We use commodity derivative instruments from time to time to manage our exposure to commodity price fluctuations. We do not designate these instruments as hedging instruments for financial accounting purposes, and, as a result, we recognize the change in the instruments' fair value currently on the Consolidated Statement of Operations as net increase (decrease) in unrealized appreciation (depreciation) on investments. In December 2011, in connection with our purchase of a limited term ORRI from ATP, we purchased a series of oil put options, expiring in July 2012 through September 2013, to provide insurance against downside price movements. All of our put options had expired as of September 30, 2013. See Note 11 of Notes to Consolidated Financial Statements included elsewhere herein for further description of our put options.

Credit Facilities and Borrowings

We are party to a $72.0 million Third Amended and Restated Revolving Credit Agreement, or the Investment Facility. The total amounts outstanding under the Investment Facility were $72.0 million and $52.0 million as of December 31, 2015 and December 31, 2014, respectively. Substantially all of our assets except our investments in U.S. Treasury Bills are collateral for the obligations under the Investment Facility. The Investment Facility matures on May 23, 2016, and bears interest, at our option, at either (i) LIBOR plus 325 to 475 basis points, or (ii) the base rate plus 225 to 375 basis points, both based on our amounts outstanding. As of December 31, 2015 and December 31, 2014, the average interest rate on our outstanding balance of $72.0 million and $52.0 million was 4.7% and 3.9%, respectively. There was no additional amount available for borrowing under the Investment Facility. We repaid $12.0 million of the balance outstanding under the Investment Facility in early January 2016. See Note 3, Credit Facilities and Borrowings, of our consolidated financial statements for additional information regarding the maturity of the current Investment Facility.

On December 22, 2015 , we purchased $35.0 million of U.S. Treasury bills and contemporaneously entered into a repurchase arrangement with Bank of America Merrill Lynch, or BAML, to finance such purchase. Under the repurchase arrangement, we transferred $35.0 million of U.S. Treasury bills and $0.7 million of cash to BAML as collateral under the repurchase agreement. We repaid the amount borrowed under the repurchase agreement, and BAML returned to us the $0.7 million cash collateral, net of a $21.4 thousand financing fee, upon maturity of the U.S. Treasury bills on January 21, 2016 . We account for the transfer of the U.S. Treasury bills under the repurchase agreement as a secured borrowing. As a result, the U.S. Treasury bills are recorded on our books as investments in U.S. Treasury bills, and the amount borrowed under the repurchase agreement is recorded as short-term debt at December 31, 2015 .

We had a $30.0 million Treasury Facility that could only be used to purchase U.S. Treasury Bills. Proceeds from the Treasury Facility facilitated the growth of our investment portfolio and provided flexibility in the sizing of our portfolio investments. This facility expired on September 24, 2015. As of December 31, 2014, we had $30.0 million outstanding with no additional amount available for borrowing under the Treasury Facility, and the interest rate on our outstanding balance was 1.7% (LIBOR plus 150 basis points).

Both the Investment Facility and the Treasury Facility contain affirmative and reporting covenants and certain financial ratio and restrictive covenants. We have complied with these covenants throughout 2015 and 2014 and had no existing defaults or events of default under either facility. The most restrictive covenants, with terms as defined in the credit agreements, are:

- maintaining a ratio of net asset value to consolidated total indebtedness (excluding net hedging liabilities) of not less than 2.25:1.0,
- maintaining a ratio of net asset value to consolidated total indebtedness (including net hedging liabilities) of not less than 2.0:1.0,
- maintaining a ratio of EBITDA (excluding revenue from cash collateral) to interest expense (excluding interest on loans under the Treasury Facility) of not less than 3.0:1.0, and
- maintaining a ratio of collateral to the aggregate principal amount of borrowings under the Treasury Facility of not less than 1.02:1.0.

Distributions

We have elected to operate our business to be taxed as a RIC for federal income tax purposes. As a RIC, we generally are not required to pay corporate-level U.S. federal income taxes on any ordinary income or capital gains that we distribute to our stockholders as distributions. To maintain our RIC status, we must meet specific source-of-income and asset diversification requirements and distribute annually an amount equal to at least 90% of our “investment company taxable income” (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, reduced by deductible expenses) and net tax-exempt interest. In order to avoid certain excise taxes imposed on RICs, we generally must distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of our capital gain net income (i.e., realized capital gains in excess of realized capital losses) for the one-year period ended on October 31 of that calendar year, and (3) 100% of any ordinary income or capital gain net income not distributed in prior years and on which we did not pay corporate-level federal income taxes. We currently intend to make sufficient distributions to satisfy the annual distribution requirement and to avoid the excise taxes.

Although we currently intend to distribute realized net capital gains (i.e., net long-term capital gains in excess of short-term capital losses), if any, at least annually, we may in the future decide to retain such capital gains for investment and designate such retained amount as a deemed distribution.

We determine the tax characteristics of our distributions to stockholders as of the end of the fiscal year, based on the taxable income for the full year and distributions paid during the year. Taxable income available for distribution differs from consolidated net investment income under GAAP due to (i) temporary and permanent differences in income and expense recognition, (ii) capital gains and losses, (iii) activity at taxable subsidiaries, and (iv) the timing and period of recognition regarding distributions declared in December of one year and paid in January of the following year. We (or the applicable withholding agent) report the tax characteristics of distributions paid annually to each stockholder on Form 1099-DIV after the end of the year.

The tax characteristics of deemed distributions in 2015 represented $11.0 million from ordinary income, none from return of capital and none from capital gains. For tax purposes, 15% of the $2.4 million dividend declared in December 2015 and paid on January 8, 2016 was deemed to be distributed in 2015 and 85% was deemed to be distributed in 2016.

We may not achieve operating results that will allow us to make distributions at a specific level or to increase the amount of these distributions from time to time. In addition, we may be limited in our ability to make distributions due to the asset coverage test for borrowings when applicable to us as a BDC under the 1940 Act and due to provisions in our Investment Facility. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of our status as a RIC. We cannot assure stockholders that they will receive any distributions or distributions at any specific level.

We have established an "opt out" dividend reinvestment plan, or DRIP plan, for our stockholders. As a result, if we declare a cash dividend, our plan agent automatically reinvests a stockholder's cash dividend in additional shares of our common stock unless the stockholder, or his or her broker, specifically "opts out" of the dividend reinvestment plan and elects to receive cash dividends.

No action is required on the part of a registered stockholder to have the stockholder's dividend reinvested in shares of our common stock. The plan administrator will set up an account for shares acquired through the DRIP plan for each stockholder who has not elected to receive dividends in cash, a participant, and hold such shares in non-certificated form. A registered stockholder may terminate participation in the DRIP plan at any time and elect to receive dividends in cash by notifying the plan administrator in writing so that such notice is received by the plan administrator no later than 10 days prior to the record date for dividends to stockholders. Participants may terminate participation in the plan by notifying the plan administrator via its website at *www.amstock.com* , by filling out the transaction request form located at the bottom of their statement and sending it to the plan administrator at American Stock Transfer & Trust Company, Operations Center, 6201 15 th Avenue, Brooklyn, NY 11219 or by calling the plan administrator at 1-800-937-5449.

Within 20 days following receipt of a termination notice by the plan administrator and according to a participant's instructions, the plan administrator will either: (a) maintain all shares held by such participant in a plan account designated to receive all future dividends and distributions in cash; (b) issue certificates for the whole shares credited to such participant's plan account and issue a check representing the value of any fractional shares to such participant; or (c) sell the shares held in the plan account and remit the proceeds of the sale, less any brokerage commissions that may be incurred and a $15.00 transaction fee, to such participant at his or her address of record at the time of such liquidation. A stockholder who has elected to receive dividends in cash may re-enroll in the DRIP at any time by providing notice to the plan administrator.

Those 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. It is customary practice for many brokers to opt out of dividend reinvestment plans on behalf of their clients unless specifically instructed otherwise.

We intend, when permitted by the DRIP plan, to primarily use newly issued shares for reinvested dividends under the DRIP plan. However, we reserve the right to purchase shares in the open market in connection with the DRIP plan. The number of newly issued shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend payable to such stockholder by the average market price per share of our common stock at the close of regular trading on the exchange or market on which our shares of common stock are listed for the five trading days preceding the valuation date for such dividend. We can not calculate the number of shares of our common stock to be outstanding after giving effect to payment of the dividend until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated.

We may not use newly issued shares to satisfy our obligations under the DRIP plan if the market price of our shares is less than our net asset value per share. In such event, the cash dividends are paid to the plan administrator who purchases shares in the open market for credit to the accounts of plan participants unless the average of the closing sales prices for the shares for the five days immediately preceding the payment date exceeds 110% of the most recently reported net asset value per share. The allocation of shares to the participants' plan accounts is based on the average cost of the shares so purchased, including brokerage commissions. The plan administrator will reinvest all dividends and distributions as soon as practicable, but no later than the next ex-dividend date, except to the extent necessary to comply with applicable provisions of the federal securities laws. The plan will not pay interest on any uninvested cash payment.

As of January 8, 2016, the date of our most recent dividend payment, holders of approximately 68,000 shares, or approximately 0.3% of the 20,172,392 outstanding shares, were participants in the DRIP plan. During 2015, we declared dividends totaling $0.48 per common share. During 2014, we declared dividends totaling $0.64 per common share.

There are no brokerage charges on newly issued shares or other charges to stockholders who participate in the DRIP plan. We pay the plan administrator's fees.

We may terminate the DRIP plan upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend. When a participant withdraws from the DRIP plan or when the DRIP plan is terminated, the participant will receive a cash payment for any fractional shares of our common stock based on the market price on the date of withdrawal or termination. Participants and interested stockholders should direct all correspondence concerning the DRIP plan to the plan administrator by mail at American Stock Transfer & Trust Company, Operations Center, 6201 15 th Avenue, Brooklyn, NY 11219.

The automatic reinvestment of dividends and distributions will not relieve a participant of any income tax liability associated with such dividend or distribution. A U.S. stockholder participating in the DRIP plan will be treated for U.S. federal income tax purposes as having received a dividend or distribution in an equal amount to the cash that the participant could have received instead of shares. The tax basis of such shares will equal the amount of such cash. In the case of newly issued shares under the dividend reinvestment plan, the dividend and tax basis will generally be the value of the issued shares. A participant will not realize any taxable income upon receipt of a certificate for whole shares credited to the participant's account whether upon the participant's request for a specified number of shares or upon termination of enrollment in the DRIP plan. Each participant will receive each year from us (or the applicable withholding agent) a Form 1099-DIV with respect to the U.S. federal income tax status of all dividends and distributions during the previous year.

A copy of our dividend reinvestment plan is available on our corporate website, *www.ohainvestmentcorporation.com* , in the investor relations section.

Portfolio Credit Quality

At December 31, 2015 , most of our portfolio investments were in negotiated, and often illiquid, securities of middle market businesses, with a concentration in the energy industry. As of December 31, 2015 , we had certain investments related to three portfolio companies on non-accrual status with an aggregate cost and fair value of $56.3 million and $12.8 million , respectively. Our investments in Contour and Spirit were placed on non-accrual status during the fourth quarter of 2014. Effective July 1, 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash received. Our portfolio investments at fair value were approximately 73.0% and 88.2% of the related cost basis as of December 31, 2015 and December 31, 2014, respectively.

Non-accruing and non-income producing investments	**December 31, 2015**		**December 31, 2014**	
(in thousands)	**Cost**	**Fair Value**	**Cost**	**Fair Value**
Non-accruing investments				
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC (non-accrual cash basis July 2015)	$ 27,709	$ 11,845	$ —	$ —
Contour Highwall Holdings, LLC (non-accrual October 2014)	11,578	1,000	10,778	4,500
Spirit Resources, LLC - Tranche A (non-accrual November 2014)	4,621	—	5,464	1,450
Spirit Resources, LLC - Tranche B (non-accrual March 2014)	4,409	—	4,409	—
Total non-accruing investments	48,317	12,845	20,651	5,950
Non-income producing investments				
Huff Energy Holdings, Inc. warrants and overriding royalty (after pay-out)	—	—	84	92
Myriant Corporation common stock and warrants	—	—	468	—
OHA/OCI Investments, LLC Class A Units	2,500	2,583	2,500	1,730
Spirit Resources, LLC preferred units	8,000	—	8,000	—
Total non-income producing investments	10,500	2,583	11,052	1,822
Total non-accruing and non-income producing investments	$ 58,817	$ 15,428	$ 31,703	$ 7,772

Critical Accounting Policies

Valuation of Investments

The 1940 Act requires the separate identification of investments according to the percentage ownership in a portfolio company's outstanding voting securities. The percentages and categories are as follows:

- Control investments — we generally own more than 25% of a portfolio company's outstanding voting securities
- Affiliate investments — we generally own 5% or more but not more than 25% of a portfolio company's outstanding voting securities
- Non-affiliate investments — we generally own less than 5% of a portfolio company's outstanding voting securities

We account for all of the assets in our investment portfolio at fair value, following the provisions of the Financial Accounting Standards Board Accounting Standards Codification *Fair Value Measurements and Disclosures* , or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

On a quarterly basis, the investment team of our investment advisor prepares fair value recommendations for all of the assets in our portfolio in accordance with ASC 820 and presents them to the Audit Committee of our Board of Directors. The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment.

- *Investment Team Valuation.* The investment professionals of our investment advisor prepare fair value recommendations for each investment.

- *Investment Team Valuation Documentation.* The investment team documents and discusses its preliminary fair value recommendations with the investment committee and senior management of our investment advisor.

- *Third Party Valuation Activity.* We may, at our discretion, retain an independent valuation firm to review any or all of the valuation analyses and fair value recommendations provided by the investment team of our investment advisor. Since December 31, 2014, our general practice is that we have an independent valuation firm review all Level 3 investments (those whose value is determined using significant unobservable inputs) with recommended fair values in excess of $10 million on a quarterly basis, and review all Level 3 investments with recommended fair values greater than zero at least annually to provide positive assurance on our valuations. With respect to our valuations as of December 31, 2015 and 2014 , an independent valuation firm reviewed and assisted in valuations representing 61% and 70% , respectively, of the total fair value of our portfolio investments.

- *Presentation to Audit Committee* . Our investment advisor and senior management present the valuation analyses and fair value recommendations to the Audit Committee of our Board of Directors.

- *Board of Directors and Audit Committee.* The Board of Directors and the Audit Committee review and discuss the valuation analyses and fair value recommendations provided by the investment team of our investment advisor and the independent valuation firm, if applicable.

- *Final Valuation Determination.* Our Board of Directors discusses the fair values recommended by the Audit Committee and determines the fair value of each investment in our portfolio, in good faith, based on the input of the investment team of our investment advisor, our Audit Committee and the independent valuation firm, if applicable.

We record investments in securities for which market quotations are readily available at such market quotations in our financial statements as of the valuation date. For investments in securities for which market quotations are unavailable, or which have various degrees of trading restrictions, the investment team of our investment advisor prepares valuation analyses and fair value estimates, using the most recently available financial statements, forecasts and, when applicable, comparable transaction data. These valuation analyses rely on estimates of the asset values and enterprise values of portfolio companies issuing securities.

The methodologies for determining asset valuations include estimates based on: the liquidation or sale value of a portfolio company's assets, the discounted value of expected future net cash flows from the assets and third party valuations of a portfolio company's assets, such as asset appraisal reports, futures prices and engineering reserve reports of oil and natural gas properties. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated asset value of a portfolio company.

The methodologies for determining enterprise valuations include estimates based on: valuations of comparable companies, recent sales of comparable companies, the value of recent investments in the equity securities of a portfolio company and on the methodologies used for asset valuations. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated enterprise value of a portfolio company.

The methodologies for determining estimated current market values of comparable securities include estimates based on: recent initial offerings of comparable securities of public and private companies; recent secondary market sales of comparable securities of public and private companies; current market implied interest rates for comparable securities in general; and current market implied interest rates for non-comparable securities in general, with adjustments for such elements as size of issue, terms, and liquidity. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated current market value of a comparable security.

For some of our securities, quoted prices in active markets for identical assets (Level 1 valuation inputs) or other significant observable inputs, including quoted prices of similar securities, interest rates, prepayments, credit risk, etc. (Level 2 valuation inputs) are readily available from independent sources and are used to value such securities. For other securities, there will be no readily available Level 1 or Level 2 pricing information, and therefore significant unobservable inputs (Level 3 valuation inputs), including the assumptions of OHA, must be relied upon in determining fair value for these securities.

If prices or quotes for securities are either not readily available, or a price or quote is deemed not reflective of the security's fair market value, we employ a fair valuation technique for that security. In determining the fair value of a security, we may take into consideration (either individually or in combination) the financial condition and operating results of the underlying portfolio company, nature of the investment, restrictions on marketability, liquidity, market conditions, earnings multiple analyses using comparable companies, discounted cash flow analyses, appraisals, and other factors we deem appropriate.

We have a contingent earn-out investment which resulted from the sale of our investment in Alden Resources, LLC to Globe BG, LLC in July 2011. The amount of the payment, up to $6.8 million, is based on a formula involving the number of clean tons of coal produced multiplied by the difference between the company's cost of production in 2010 and the cost of production during the optimal consecutive twelve-month period during the three-year period ended July 2014. The reporting and review mechanism to determine the ultimate value of the earn-out has not yet been completed. Globe has informally advised us that the company's relative cost of production has not improved since July 2011, so we have recorded the value of the earn-out at zero.

We record all derivative instruments at fair value. Quoted market prices are the best evidence of fair value. We determine the fair value of the crude oil and natural gas options using a market-based valuation methodology based upon forward commodity price and volatility curves. Independent pricing services provide the curves, which reflect broker market quotes. We consider these investments as Level 2 on the valuation hierarchy, as the values represent quoted prices for similar instruments in active markets. We have not held any commodity derivative instruments since September 30, 2013.

Securities Transactions, Interest and Dividend Income Recognition

We account for all securities transactions on a trade-date basis, and we accrete premiums and discounts into interest or dividend income using the effective interest method. In conjunction with the acquisition of debt securities, we may receive detachable warrants, other equity securities or property interests such as overriding royalty interests. We record these interests separately from the debt securities at their initial fair value, with a corresponding amount recorded as a discount to the associated debt security. These original issue discounts, as well as market discounts or premiums, are capitalized and amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of investments represents the original cost adjusted for the amortization of discounts and premiums and upfront loan origination fees.

We record interest income, adjusted for amortization of premiums or discounts, on an accrual basis to the extent that we expect to collect such amounts. We recognize dividend income on the ex-dividend date. When collectability of interest or dividends is no longer probable, we place the investment on non-accrual status and evaluate any existing interest or dividend receivable balances to determine if a reserve or write-off is necessary. We assess the collectability of the interest and dividends on many factors, including the portfolio company's ability to service its debt based on current and projected cash flows as well as the current valuation of the portfolio company's assets.

We defer the recognition of upfront loan origination fees, and amortize them into interest income over the life of the security using the effective interest method. Upon the prepayment of a loan or debt security, we record any unamortized loan origination fees as interest income and we record any unamortized market premium or discount as a realized gain or loss on the investment. We record prepayment premiums on loans and securities as other income when we receive such amounts.

We record interest income from investments in CLO residual interests based upon an estimate of an effective yield to expected maturity using anticipated cash flows with any remaining amount recorded to the cost basis of the investment. We monitor the anticipated cash flows from our CLO residual interest investments and adjust our effective yield periodically as needed on a prospective basis.

We recognize income from overriding royalty interests as received, and we amortize the cost of the recorded assets using the units of production method.

Payment-in-Kind Interest and Dividends

We have investments in our portfolio that contain payment-in-kind, or PIK, interest or dividend provisions. We compute PIK interest income or PIK dividend income at the contractual rate specified in each investment agreement, and we add that amount to the principal balance of the investment. For investments with PIK interest or PIK dividends, we calculate our income accruals on the principal balance plus any PIK amounts. If the portfolio company's projected cash flows, further supported by estimated total enterprise value, are not sufficient to cover the contractual principal and interest or dividend amounts, as applicable, we do not accrue PIK interest income or PIK dividend income on the investment. To maintain our RIC status, we must pay out this non-cash income to stockholders in the form of distributions, even though we have not yet collected the cash. We recorded net PIK interest income of $1.4 million , $1.2 million and $1.6 million in 2015 , 2014 and 2013 , respectively. We recorded PIK dividend income of $1.3 million in 2015 from our investment in Castex Energy 2005, LP, and did not record any PIK dividend income in 2014 and 2013 .

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

We measure realized gains on a security as the excess of the net amount realized from the sale or other disposition of such security over the amortized cost for the security. We measure realized losses on a security as the amount by which the net amount realized from the sale or other disposition of such security is less than the amortized cost of such security. We consider unamortized upfront fees and investments charged off during the year, net of recoveries, and we do not include previously recognized unrealized appreciation or depreciation.

We measure unrealized appreciation or depreciation on a security as the amount by which the fair value of such security exceeds or is less than the amortized cost of such security, as applicable. Net unrealized appreciation or depreciation for the period reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when we realize the settled gains or losses upon redemption.

We do not account for our commodity derivative instruments, if any, as hedging instruments for financial accounting purposes. Net unrealized appreciation or depreciation reflects the change in fair values during the reporting period including the reversal of previously recorded unrealized appreciation or depreciation when we realize the settled gains or losses.

Contractual Obligations and Off-Balance Sheet Arrangements

The following table summarizes our contractual payment obligations at December 31, 2015 (in thousands):

Revolving credit facilities [(1)]	**Total**	**Less than 1 Year**	**1-3 Years**	**3-5 Years**	**More than 5 Years**
Investment Facility	$ —	$ —	$ —	$ —	$ —
Repurchase Agreement	34,300	34,300	—	—	—
Total	$ 34,300	$ 34,300	$ —	$ —	$ —

(1) Excludes accrued interest amounts.

We have certain unused commitments to extend credit to our portfolio companies. Generally, these commitments have fixed expiration dates, and we do not expect to fund the entire amounts before they expire. Therefore, these commitment amounts do not necessarily represent future cash requirements, and we do not report the unused portions of these commitments on our Consolidated Balance Sheets. We did not have any unused credit commitments as of December 31, 2015 and we had $0.3 million as of December 31, 2014.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our business activities contain elements of risk. We consider the principal market risks to be: credit risk, risks related to the energy industry, illiquidity of individual investments in our investment portfolio, leverage risk, risks related to fluctuations in interest rates and commodity price risk.

Credit risk is the principal market risk associated with our business. Credit risk originates from the fact that some of our portfolio companies may become unable or unwilling to fulfill their contractual payment obligations to us and may eventually default on those obligations. These contractual payment obligations arise under the debt securities and other investments that we hold. They include payment of interest, principal, dividends, royalties, fees and payments under guarantees and similar instruments. Our investment advisor endeavors to mitigate and manage credit risk through the analysis, structure and requirements of our investments. Prior to making an investment, our investment advisor evaluates it under a variety of scenarios to understand its sensitivity to changes in critical variables and assumptions and to assess its potential credit risk. Our investment advisor attempts to structure our investments to mitigate credit risk, and generally requires routine reporting, periodic appraisal of asset values, and financial covenants designed to minimize and detect developing credit issues.

Historically, we have concentrated our investments in the securities of companies that operate in the energy industry. This industry is replete with risks that may affect individual companies or may systemically affect virtually our entire energy-related investment portfolio. The revenues, income or losses, cash flow available for debt service or distribution, and valuations of energy companies can be significantly impacted by any one or more of the following factors: commodity pricing risk, regulatory risk, production risk, demand risk, depletion and exploration risk, weather risk, operational risk, competition risk, valuation risk, financing risk and climate change. Elaboration of these risks is provided in "Item 1A. Risk Factors — The energy industry is subject to many risks." Through our credit risk management process, we endeavor to mitigate and manage these risks as they relate to individual portfolio companies and, by extension, to our entire portfolio of investments. However, we cannot be assured that our investment advisor's efforts to mitigate and manage credit risk and the risks associated with the energy industry will successfully insulate us from any and all losses, either at the level of individual portfolio companies or, more broadly, for our entire energy-related investment portfolio.

We primarily invest in illiquid debt and other securities of small and mid-sized private companies. In some cases these investments include additional equity components. Our investments generally have no established trading market or are generally subject to restrictions on resale. The illiquidity of our investments may adversely affect our ability to dispose of debt and equity securities at times when it may be otherwise advantageous for us to liquidate such investments (for example, for management of the various diversification requirements we are subject to as a BDC and as a RIC, or for management of liquidity or credit risk). The proceeds realized from such liquidation would likely be significantly less than the long-term value of the liquidated investments.

We use a combination of long-term and short-term borrowings to supplement our equity capital to finance our investing activities. These borrowings rank senior in our capital structure to interests of our stockholders and, thus, have a senior claim on earnings and cash flows generated by our investment portfolio. To the extent that we are able to invest borrowed money at rates in excess of the cost of borrowing, we will generate greater returns on our equity capital than would have been the case without leverage. However, if we have losses in our investment portfolio, we must first service or repay the borrowings. This would potentially subject our stockholders to the risk of greater loss than would have been the case without leverage. Elaboration of the risks associated with the issue of senior securities is provided in "Item 1A. Risk Factors."

Another facet of utilizing borrowed money to make investments is that our net investment income is dependent upon the difference, or spread, between the rate at which we borrow funds and the interest rate or effective yield at which we invest those funds. Our Investment Facility bears a variable interest rate without an interest rate floor, so any increase in interest rates will increase the cost of our borrowed funds. As of December 31, 2015 and 2014, excluding investments in U.S. Treasury Bills, approximately 49% and 63%, respectively, of our portfolio investments at fair value in our portfolio were at fixed rates, while approximately 51% and 37%, respectively, were at variable rates, generally with an interest rate floor. Thus, interest income from our portfolio investments will increase at a slower rate than the cost of our borrowed funds with an increase in interest rates until the interest rate floor are met, if at all. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities to the extent permitted by the 1940 Act.

Assuming that our consolidated balance sheet as of December 31, 2015 were to remain constant and that no actions were taken to alter our current interest rate sensitivity, the following table shows the annualized impact of hypothetical base rate changes in interest rates.

Change in interest rates	Increase/(decrease) in interest income	Increase/(decrease) in interest expense	Net increase/(decrease) in net investment income
Down 25 basis points	$ —	$ (180)	$ 180
Up 50 basis points	—	360	(360)
Up 100 basis points	332	720	(388)
Up 150 basis points	802	1,080	(278)
Up 200 basis points	1,271	1,440	(169)

Although we believe that this analysis is indicative of our existing sensitivity to interest rate changes, it does not adjust for changes in credit markets, the composition of our investment portfolio or other business developments (including borrowings under the Investment Facility), that affect net income.

Item 8. Financial Statements and Supplementary Data.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of OHA Investment Corporation

We have audited the accompanying consolidated balance sheets of OHA Investment Corporation, including the consolidated schedules of investments, as of December 31, 2015 and 2014, 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, 2015, and the financial highlights for each of the four years in the period ended December 31, 2015. The consolidated financial highlights for the year ended December 31, 2011 were audited by predecessor auditors whose report dated March 9, 2012 expressed an unqualified opinion on those financial highlights. Our audits also included the financial statement schedule listed in the Index at Item 15(a), Schedule 12 - 14 Schedule of Investments In and Advances to Affiliates. These financial statements, financial highlights, and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, financial highlights, and schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2015 and 2014 by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the consolidated financial position of OHA Investment Corporation at December 31, 2015 and 2014, and the consolidated results of its operations, changes in net assets, cash flows, and financial highlights for each of the four years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), OHA Investment Corporation's internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control-Integrated (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
March 15, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of OHA Investment Corporation

We have audited OHA Investment Corporation's internal control over financial reporting as of December 31, 2015, 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). OHA Investment Corporation'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 Annual 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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.

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.

In our opinion, OHA Investment Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of OHA Investment Corporation, including the consolidated schedule of investments, as of December 31, 2015 and 2014, 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, 2015, and the financial highlights for each of the four years in the period ended December 31, 2015, and our report dated March 15, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Houston, Texas
March 15, 2016

OHA INVESTMENT CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share amounts)

	December 31, 2015	December 31, 2014
Assets		
Investments in portfolio securities at fair value		
Control investments (cost: $28,608 and $28,661, respectively)	$ 1,000	$ 6,275
Affiliate investments (cost: $18,647 and $17,986, respectively)	18,893	17,430
Non-affiliate investments (cost: $192,012 and $153,100, respectively)	154,817	152,458
Total portfolio investments (cost: $239,267 and $199,747, respectively)	174,710	176,163
Investments in U.S. Treasury Bills at fair value (cost: $34,997 and $30,600, respectively)	34,997	30,600
Total investments	209,707	206,763
Cash and cash equivalents	15,554	31,455
Accounts receivable and other current assets	517	316
Interest receivable	2,248	2,090
Deferred loan costs and other prepaid assets	451	1,551
Total current assets	18,770	35,412
Total assets	$ 228,477	$ 242,175
Liabilities		
Current liabilities		
Due to broker	$ 5,226	$ —
Distributions payable	2,421	3,299
Accounts payable and accrued expenses	1,962	1,908
Management and incentive fees payable	1,713	695
Income taxes payable	75	109
Repurchase agreement	34,300	—
Short-term debt	72,000	30,000
Total current liabilities	117,697	36,011
Long-term debt	—	52,000
Total liabilities	117,697	88,011
Commitments and contingencies (Note 7)		
Net assets		
Common stock, $.001 par value, 250,000,000 shares authorized; 20,172,392 and 20,616,422 shares issued and outstanding, respectively	20	21
Paid-in capital in excess of par	241,985	244,473
Undistributed net investment loss	(5,947)	(4,565)
Undistributed net realized capital loss	(63,838)	(65,298)
Net unrealized depreciation on investments	(61,440)	(20,467)
Total net assets	110,780	154,164
Total liabilities and net assets	$ 228,477	$ 242,175
Net asset value per share	$ 5.49	$ 7.48

(See accompanying notes to consolidated financial statements)

OHA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	For the year ended December 31,		
	2015	**2014**	**2013**
Investment income:			
Interest income:			
Control investments	$ —	$ 1,404	$ 2,012
Affiliate investments	2,597	2,311	5,094
Non-affiliate investments	14,127	13,737	16,605
Dividend income:			
Non-affiliate investments	4,279	4,002	3,988
Royalty income, net of amortization:			
Control investments	30	90	48
Non-affiliate investments	—	65	43
Other income	1,016	510	122
Total investment income	22,049	22,119	27,912
Operating expenses:			
Interest expense and bank fees	3,480	2,119	3,239
Management and incentive fees	4,003	4,602	5,989
Costs related to strategic alternatives review	—	6,040	644
Professional fees, net of legal fees of $454, $1,591 and $3,205, respectively, related to ATP bankruptcy (See Note 7)	2,126	1,437	1,428
Other general and administrative expenses	2,399	4,614	3,945
Total operating expenses	12,008	18,812	15,245
Income tax provision, net	72	109	91
Net investment income	9,969	3,198	12,576
Realized and unrealized gain (loss) on investments:			
Net realized capital gain (loss) on investments			
Control investments	232	(325)	(464)
Affiliate investments	—	95	(3,336)
Non-affiliate investments	(450)	(12,198)	1,592
Provision for taxes on realized loss	—	(2)	(53)
Total net realized capital loss on investments	(218)	(12,430)	(2,261)
Net unrealized appreciation (depreciation) on investments			
Control investments	(5,222)	(19,144)	(3,709)
Affiliate investments	802	(90)	2,661
Non-affiliate investments	(36,553)	6,235	(5,398)
Benefit for taxes on unrealized appreciation (depreciation) on investments	—	—	1
Total net unrealized depreciation on investments	(40,973)	(12,999)	(6,445)
Net increase (decrease) in net assets resulting from operations	$ (31,222)	$ (22,231)	$ 3,870
Net increase (decrease) in net assets resulting from operations per common share	$ (1.54)	$ (1.08)	$ 0.19
Distributions declared per common share	$ 0.48	$ 0.64	$ 0.64
Weighted average shares outstanding - basic and diluted	20,322	20,529	20,698

(See accompanying notes to consolidated financial statements)

OHA INVESTMENT CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(in thousands, except per share data)

	For the year ended December 31,		
	2015	**2014**	**2013**
Increase (decrease) in net assets from operations			
Net investment income	$ 9,969	$ 3,198	$ 12,576
Net realized capital loss on investments	(218)	(12,430)	(2,261)
Net unrealized depreciation on investments	(40,973)	(12,999)	(6,445)
Net increase (decrease) in net assets resulting from operations	(31,222)	(22,231)	3,870
Distributions to common stockholders			
Distributions from net investment income	(9,736)	(9,692)	(13,203)
Return of capital	—	(3,465)	—
Net decrease in net assets from distributions	(9,736)	(13,157)	(13,203)
Capital transactions			
Acquisition of common stock under repurchase plan	(2,426)	—	(3,381)
Issuance of common stock to affiliate	—	1,000	—
Net increase (decrease) in net assets from capital transactions	(2,426)	1,000	(3,381)
Net decrease in net assets	(43,384)	(34,388)	(12,714)
Net assets, beginning of period	154,164	188,552	201,266
Net assets, end of period	$ 110,780	$ 154,164	$ 188,552
Net asset value per common share at end of period	$ 5.49	$ 7.48	$ 9.20
Common shares outstanding at end of period	20,172	20,616	20,499

(See accompanying notes to consolidated financial statements)

OHA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the year ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	$ (31,222)	$ (22,231)	$ 3,870
Adjustments to reconcile net decrease in net assets resulting from operations to net cash attributable to operating activities:			
Payment-in-kind interest and dividend	(2,669)	(1,158)	(1,636)
Net amortization of premiums, discounts and fees	(636)	(1,203)	(757)
Net realized capital loss on investments	218	12,428	2,208
Net unrealized depreciation on investments	40,973	12,999	6,446
Purchase of investments in portfolio securities	(74,423)	(39,681)	(98,690)
Proceeds from redemption of investments in portfolio securities	37,990	51,823	94,667
Purchase of investments in U.S. Treasury Bills	(142,801)	(171,571)	(183,999)
Proceeds from redemption of investments in U.S. Treasury Bills	138,404	186,971	184,000
Net deferred income tax benefit	—	—	(1)
Effects of changes in operating assets and liabilities:			
Accounts receivable and other current assets	(201)	148	268
Interest receivable	(158)	307	(521)
Prepaid assets	1,100	1,542	(644)
Payables and accrued expenses	6,264	(79)	(401)
Net cash attributable to operating activities	(27,161)	30,295	4,810
Cash flows from financing activities:			
Borrowings under revolving credit facilities	160,500	340,000	409,500
Borrowings under repurchase agreement	84,300	—	—
Repayments on revolving credit facilities	(170,500)	(356,000)	(416,000)
Repayments on repurchase agreement	(50,000)	—	—
Acquisition of common stock under repurchase plan	(2,426)	—	(3,381)
Proceeds from issuance of common stock to affiliate	—	1,000	—
Distributions to stockholders	(10,614)	(13,138)	(13,286)
Net cash attributable to financing activities	11,260	(28,138)	(23,167)
Net change in cash and cash equivalents	(15,901)	2,157	(18,357)
Cash and cash equivalents, beginning of period	31,455	29,298	47,655
Cash and cash equivalents, end of period	$ 15,554	$ 31,455	$ 29,298
Supplemental Disclosures:			
Cash paid for interest	$ 2,123	$ 607	$ 1,940
Cash paid for taxes, net of refunds	$ 110	$ 98	$ 568

(See accompanying notes to consolidated financial statements)

OHA INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2015
(in thousands, except share amounts and percentages)

Portfolio Company	Industry Segment	Investment [1]	Principal	Cost	Fair Value [2]
Control Investments - (More than 25% owned)					
Contour Highwall Holdings, LLC	Coal Mining	Senior Secured Term Loan (12%, due 10/14/2015) [6]	$ 10,757	$ 10,778	$ 1,000
Contour Highwall Holdings, LLC	Coal Mining	Unsecured Promissory Note (6%, due 4/11/2016) [6]	800	800	—
Contour Highwall Holdings, LLC	Coal Mining	800 Membership Units representing 80% of the common equity [7]		—	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Tranche A - Senior Secured Term Loan (greater of 8% or LIBOR+4.0%, due 4/28/2015) [6]	4,657	4,621	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Tranche B - Senior Secured Term Loan (greater of 15% PIK or LIBOR+11.0%, due 10/28/2015) [6]	4,409	4,409	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	80,000 Preferred Units representing 100% of the outstanding equity		8,000	—
Subtotal Control Investments - (More than 25% owned)				**$ 28,608**	**$ 1,000**
Affiliate Investments - (5% to 25% owned)					
OCI Holdings, LLC	Home Health Services	Subordinated Note (LIBOR+ 12.0% cash with a 1% floor plus 3% PIK, due 8/15/2018) [8][9]	$ 16,310	$ 16,147	$ 16,310
OCI Holdings, LLC	Home Health Services	OHA/OCI Investments, LLC Class A Units representing 20.8% diluted ownership of OCI Holdings, LLC		2,500	2,583
Subtotal Affiliate Investments - (5% to 25% owned)				**$ 18,647**	**$ 18,893**
Non-affiliate Investments - (Less than 5% owned)					
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8% cash, due 7/1/2016) [10]	$ 51,265	$ 51,273	$ 43,939
Appriss Holdings, Inc.	Information Services	Second Lien Term Loan (LIBOR+8.25% with a 1% floor, due 5/21/2021)	13,100	12,925	12,314
Kronos Incorporated	Software	Second Lien Term Loan (LIBOR+8.50% with a 1.25% floor, due 4/30/2020) [3]	12,000	12,145	11,985
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (notional rate of 13.2%) [11][12]		27,709	11,845

(In thousands, except share amounts and percentages)

Portfolio Company	Industry Segment	Investment [1]	Principal	Cost	Fair Value [2]
Non-affiliate Investments - (Less than 5% owned) - Continued					
WP Mustang (Electronic Funds Services, LLC)	Financial Services	Second Lien Term Loan (LIBOR+7.5% with a 1% floor, due 5/29/2022) [3]	$ 10,000	$ 9,843	$ 10,038
Royal Holdings, Inc.	Chemicals	Second Lien Term Loan (LIBOR+7.5% with a 1% floor, due June 19, 2023) [3]	10,000	9,926	9,850
Shoreline Energy, LLC	Oil & Natural Gas Production and Development	Second Lien Term Loan (greater of LIBOR+9.25% with a 1.25% floor plus 2.0% PIK, or prime+8.25%, due 3/30/2019) [13]	12,918	12,640	9,040
TIBCO Software, Inc.	Software	Senior Unsecured Notes (11.38% due 12/1/2021) [3]	10,100	9,707	8,446
KOVA International, Inc.	Medical Supplies Manufacturing and Distribution	Senior Subordinated Notes (12.75%, due 8/15/2018)	9,000	8,898	7,920
Stardust Financial Holdings (Hanson)	Building Materials	Second Lien Term Loan (LIBOR+9.5% with a 1% floor, due 3/13/2023) [3]	7,500	7,114	7,238
Gramercy Park CLO Ltd. [5]	Financial Services	Subordinated Notes, Residual Interest (11.95%, based on cost, due 7/17/2023) [3]	9,000	6,327	5,659
Berlin Packaging	Packaging	Second Lien Term Loan (LIBOR+6.75% with a 1% floor, due 10/1/2022) [3]	5,500	5,226	5,253
Talos Production, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes (9.75%, due 2/15/2018) [3]	12,000	11,965	5,160
WASH Multifamily Acquisition, Inc.	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR+7.0% with a 1% floor, due May 14, 2023) [3]	3,404	3,380	3,225
Synarc-BioCore Holdings, LLC	Healthcare	First Lien Senior Secured Notes (7.75% due 3/10/2021)	2,400	2,342	2,340
Coinamatic Canada, Inc. [5]	Industrials - Laundry Equipment	Second Lien Term Loan (LIBOR+7.0% with a 1% floor, due May 14, 2023) [3]	596	592	565
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC [14]		—	—
Subtotal Non-affiliate Investments - (Less than 5% owned)				**$ 192,012**	**$ 154,817**
Subtotal Portfolio Investments (83.3% of total investments)				**$ 239,267**	**$ 174,710**
GOVERNMENT SECURITIES					
U.S. Treasury Bills [4]			$ 35,000	$ 34,997	$ 34,997
Subtotal Government Securities (16.7% of total investments)				**$ 34,997**	**$ 34,997**
TOTAL INVESTMENTS				**$ 274,264**	**$ 209,707**

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

(1) We pledged all of our portfolio investments, except our investments in U.S. Treasury Bills, as collateral for obligations under our Investment Facility. See Note 3 of Notes to Consolidated Financial Statements. Percentages represent interest rates in effect as of December 31, 2015, and due dates represent the contractual maturity dates. Warrants, common stock, units and earn-outs are non-income producing securities, unless otherwise stated.

(2) The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment. Fair value is determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated. See Note 10 of Notes to Consolidated Financial Statements.

(3) Fair value is determined using prices with observable market inputs (Level 2 hierarchy). See Note 10 of Notes to Consolidated Financial Statements.

(4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 10 of Notes to Consolidated Financial Statements.

(5) We have determined that this investment is not a “qualifying asset” under Section 55(a) of the Investment Company Act of 1940, or 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.

(6) Investment on non-accrual status.

(7) The fair value of our Contour Highwall Holdings, LLC, or Contour, membership units also includes any value attributable to our ownership of 8,000 shares of common stock of Bundy Auger Mining, Inc., an affiliate of Contour.

(8) Effective July 9, 2014, we executed a third amendment to our note purchase and security agreement with OCI Holdings, LLC, or OCI, to amend certain covenant limits in exchange for increases in OCI’s interest to LIBOR+11% cash with a 1% floor, plus 3% payment-in-kind, or PIK.

(9) Effective December 31, 2015, we executed a fourth amendment to our note purchase and security agreement with OCI Holdings, LLC, or OCI, to waive several defaults and amend covenant limits in exchange for increases in OCI's interest to LIBOR+12% cash with a 1% floor, plus 3% PIK. Also, default interest of $0.1 million was added to the principal balance.

(10) Upon redemption, we will receive the outstanding face amount of $50 million, any unpaid and accrued dividends, plus an option to elect to receive either: a) a cash payment resulting in a total 12% return (inclusive of the 8% cash distributions), or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP (0.67% net to us). Amounts shown for principal and cost include PIK dividends that have been added to the principal balance.

(11) Effective July 1, 2015, ATP was placed on non-accrual status based on estimated future production payments and income is recognized to the extent cash received.

(12) For more information on ATP, refer to the discussion of the ATP litigation in Note 7 to the Consolidated Financial Statements.

(13) Effective June 24, 2015, we executed a third amendment to our credit agreement with Shoreline Energy, LLC, or Shoreline, to amend certain covenant limits in exchange for increases in Shoreline's interest to the greater of LIBOR+9.25% with a 1.25% floor or prime+8.25% with a 1.25% floor, effective after March 31, 2015. The third amendment also included the addition of 0.50% payment-in-kind, or PIK, interest effective after June 30, 2015. Effective September 23, 2015, we executed a fourth amendment to our credit agreement with Shoreline to increase PIK interest to 1.75%.

(14) Contingent payment of up to $6.8 million is dependent upon Alden Resources, LLC’s achievement of certain sales volume and operating efficiency levels during the three-year period ended July 2014. The reporting and review mechanism to conclude the ultimate value of the earn-out has not yet been completed. Globe BG, LLC has informally advised us that the company’s relative cost of production has not improved since July 2011.

(See accompanying notes to consolidated financial statements)

OHA INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS
December 31, 2014
(In thousands, except share amounts and percentages)

Portfolio Company	Industry Segment	Investment [1]	Principal	Cost	Fair Value [2]
Control Investments - (More than 25% owned)					
Contour Highwall Holdings, LLC	Coal Mining	Senior Secured Term Loan (12%, due 10/14/2015) [6][14]	$ 10,757	$ 10,778	$ 4,500
Contour Highwall Holdings, LLC	Coal Mining	800 Membership Units representing 80% of the common equity [10]		—	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Tranche A - Senior Secured Term Loan (greater of 8% or LIBOR+4.0%, due 4/28/2015) [6][16]	5,500	5,464	1,450
Spirit Resources, LLC	Oil & Natural Gas Production and Development	Tranche B - Senior Secured Term Loan (greater of 15% PIK or LIBOR+11.0%, due 10/28/2015) [6]	4,409	4,409	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	80,000 Preferred Units representing 100% of the outstanding equity		8,000	—
Spirit Resources, LLC	Oil & Natural Gas Production and Development	3% Overriding Royalty Interest		10	325
Subtotal Control Investments - (More than 25% owned)				**$ 28,661**	**$ 6,275**
Affiliate Investments - (5% to 25% owned)					
OCI Holdings, LLC	Home Health Services	Subordinated Note (LIBOR+ 11.0% cash with a 1% floor plus 3% PIK, due 8/15/2018) [13]	$ 15,700	$ 15,486	$ 15,700
OCI Holdings, LLC	Home Health Services	OHA/OCI Investments, LLC Class A Units representing 20.8% diluted ownership of OCI Holdings, LLC		2,500	1,730
Subtotal Affiliate Investments - (5% to 25% owned)				**$ 17,986**	**$ 17,430**
Non-affiliate Investments - (Less than 5% owned)					
Castex Energy 2005, LP	Oil & Natural Gas Production and Development	Redeemable Preferred LP Units (current pay 8% cash, due 7/1/2016) [9]	$ 50,000	$ 50,021	$ 54,906
ATP Oil & Gas Corporation/Bennu Oil & Gas, LLC	Oil & Natural Gas Production and Development	Limited Term Royalty Interest (Notional rate of 13.2%) [15]		26,767	23,700
Shoreline Energy, LLC	Oil & Natural Gas Production and Development	Second Lien Term Loan (greater of LIBOR+9.0% with a 1.25% floor, or prime+8.0%, due 3/30/2019)	13,417	13,071	11,985
Talos Production, LLC	Oil & Natural Gas Production and Development	Senior Unsecured Notes (9.75%, due 2/15/2018) [3]	12,000	11,951	10,920
Citadel Plastics Holdings, Inc.	Chemicals	Second Lien Term Loan (LIBOR+8.0% with a 1% floor, due 11/5/2021) [3]	10,000	9,901	9,900

OHA INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS - Continued
December 31, 2014
(In Thousands, Except Share Amounts and Percentages)

Portfolio Company	Industry Segment	Investment [1]	Principal	Cost	Fair Value [2]
Non-affiliate Investments - (Less than 5% owned) - Continued					
Appriss Holdings, Inc.	Information Services	Second Lien Term Loan (LIBOR+8.25% with a 1% floor, due 5/21/2021)	$ 10,000	$ 9,852	$ 9,850
WP Mustang (Electronic Funds Services, LLC)	Financial Services	Second Lien Term Loan (LIBOR+7.5% with a 1% floor, due 5/29/2022) [3]	10,000	9,826	9,675
KOVA International, Inc.	Medical Supplies Manufacturing and Distribution	Senior Subordinated Notes (12.75%, due 8/15/2018)	9,000	8,867	9,000
Gramercy Park CLO Ltd. [5]	Financial Services	Subordinated Notes, Residual Interest (11.95%, based on cost, due 7/17/2023) [3]	9,000	7,014	7,110
Huff Energy Holdings, Inc.	Oil & Natural Gas Production and Development	Senior Secured Term Loan (greater of 12.5% or LIBOR+8.5%, due 11/20/2015)	5,320	5,278	5,320
Huff Energy Holdings, Inc.	Oil & Natural Gas Production and Development	3% Overriding Royalty Interest [11]		42	46
Huff Energy Holdings, Inc.	Oil & Natural Gas Production and Development	Warrants [12]		42	46
Globe BG, LLC	Coal Production	Contingent earn-out related to July 2011 sale of royalty interests in Alden Resources, LLC [8]		—	—
Myriant Corporation	Alternative Fuels & Specialty Chemicals	131,741 shares of common stock, representing 0.56% of the outstanding common shares		419	—
Myriant Corporation	Alternative Fuels & Specialty Chemicals	Warrants [7]		49	—
Subtotal Non-affiliate Investments - (Less than 5% owned)				**$ 153,100**	**$ 152,458**
Subtotal Portfolio Investments (85.2% of total investments)				**$ 199,747**	**$ 176,163**
GOVERNMENT SECURITIES					
U.S. Treasury Bills [4]			$ 30,600	$ 30,600	$ 30,600
Subtotal Government Securities (14.8% of total investments)				**$ 30,600**	**$ 30,600**
TOTAL INVESTMENTS				**$ 230,347**	**$ 206,763**

NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS

(1) We pledged all of our portfolio investments, except our investments in U.S. Treasury Bills, as collateral for obligations under our Investment Facility. We pledged our investments in U.S. Treasury Bills as collateral for obligations under our Treasury Facility. See Note 3 of Notes to Consolidated Financial Statements. Percentages represent interest rates in effect as of December 31, 2014 and due dates represent the contractual maturity dates. Warrants, common stock, units and earn-outs are non-income producing securities, unless otherwise stated.

(2) The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment. Fair value is determined using unobservable inputs (Level 3 hierarchy), unless otherwise stated. See Note 10 of Notes to Consolidated Financial Statements.

(3) Fair value is determined using prices with observable market inputs (Level 2 hierarchy). See Note 10 of Notes to Consolidated Financial Statements.

(4) Fair value is determined using prices for identical securities in active markets (Level 1 hierarchy). See Note 10 of Notes to Consolidated Financial Statements.

(5) We have determined that this investment is not a "qualifying asset" under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of our total assets. The status of these assets under the 1940 Act is subject to change. We monitor the status of these assets on an ongoing basis.

(6) Non-accrual status.

(7) Myriant Corporation warrants expired on August 15, 2015 and provided us the right to purchase 32,680 shares of Myriant Corporation common stock at a purchase price of $10.00 per share.

(8) Contingent payment of up to $6.8 million is dependent upon Alden Resources, LLC's achievement of certain sales volume and operating efficiency levels during the three-year period ended July 2014. The reporting and review mechanism to conclude the ultimate value of the earn-out has not yet been completed. Globe BG, LLC has informally advised us that the company's relative cost of production has not improved since July 2011.

(9) Upon redemption, we will receive the outstanding face amount of $50 million, any unpaid and accrued dividend, plus an option to elect to receive either: a) a cash payment resulting in a total 12% return (inclusive of the 8% cash distributions) or b) our pro rata share of 2% of the outstanding regular limited partner interests in Castex Energy 2005, LP (0.67% net to us).

(10) The fair value of our Contour Highwall Holdings, LLC, or Contour, membership units also includes the value attributable to our ownership of 8,000 shares of common stock of Bundy Auger Mining, Inc., an affiliate of Contour.

(11) Huff Energy Holdings, Inc., or HEH, overriding royalty interests are effective upon the earlier of repayment in full of the term loan or the maturity date of the term loan. HEH has the right to purchase the overriding royalty interests on, or before, the maturity date of the term loan for an aggregate of $50,000, provided that the term loan is repaid by the maturity date.

(12) HEH warrants expire seven years after repayment of the Term Loan and entitle us to purchase 30% of the outstanding equity at $0.01 per share. HEH has the right to purchase these warrants on, or before, the maturity date of the Term Loan for $50,000, provided that the Term Loan is repaid by the maturity date.

(13) Effective July 9, 2014, we executed a third amendment to our note purchase and security agreement with OCI Holdings, LLC, or OCI, to amend certain covenant limits in exchange for increases in OCI's interest to the greater of 12% or LIBOR+11% cash, plus 3% payment-in-kind, or PIK.

(14) Contour has not made its September 2014 through December 2014 interest payments on the Senior Secured Term Loan.

(15) For more information, refer to the discussion of the ATP litigation in Note 7 to the Consolidated Financial Statements.

(16) Spirit Resources, LLC, or Spirit, has not made its November 2014 through December 2014 interest payments on the Tranche A Senior Secured Term Loan.

(See accompanying notes to consolidated financial statements)

Note 1: Organization and Recent Developments

These consolidated financial statements present the financial position, results of operations and cash flows of OHA Investment Corporation and its consolidated subsidiaries (collectively “we,” “us,” “our” and “OHAI”). We are a specialty finance company that was organized in July 2004 as a Maryland corporation. Our investment objective is to generate both current income and capital appreciation primarily through debt investments with certain equity components. We are an externally managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company, or a BDC, under the Investment Company Act of 1940, or the 1940 Act. For federal income tax purposes we operate so as to be treated as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code of 1986, as amended, or the Code. We have several direct and indirect subsidiaries that are single-member limited liability companies and wholly-owned limited partnerships established to hold certain portfolio investments or provide services to us in accordance with specific rules prescribed for a company operating as a RIC. We consolidate the financial results of our wholly-owned subsidiaries for financial reporting purposes, and we do not consolidate the financial results of our portfolio companies.

On September 30, 2014, our stockholders approved the appointment of Oak Hill Advisors, L.P., or OHA, as our new investment advisor, replacing NGP Investment Advisor, LP, which had been our investment advisor since our inception. In connection with this change in investment advisor, we changed our name from NGP Capital Resources Company to OHA Investment Corporation. OHA is a registered investment adviser under the 1940 Act. OHA acts as our investment advisor and administrator pursuant to an investment advisory agreement and an administration agreement, respectively, each dated as of September 30, 2014, which we refer to as the Investment Advisory Agreement and the Administration Agreement, respectively. See Note 5.

In connection with the transactions surrounding the appointment of OHA as our investment advisor, and the related process of evaluating strategic alternatives, we incurred costs totaling $6.0 million, or $0.29 per share, during 2014, including $3.4 million of retention payments to employees of our former administrator pursuant to retention agreements entered into in September 2013 allocated to us under the terms of the administration agreement with NGP Administration, LLC, $1.1 million for a “tail” insurance policy covering our former directors and officers, and $1.5 million of legal and investment banking advisory fees. We also incurred an additional $0.6 million, or $0.03 per share, of legal and consulting costs related to the strategic alternatives review during the fourth quarter of 2013. Thus, the total cost incurred related to the strategic review process was $6.7 million, or $0.32 per share.

Note 2: Accounting Policies

These consolidated financial statements include the accounts of OHAI and its subsidiaries. We eliminate all significant intercompany accounts and transactions. We prepare our financial statements in accordance with accounting principles generally accepted in the United States of America, or GAAP, and pursuant to the requirements for reporting on Form 10-K and Regulation S-X, as appropriate. Our consolidated financial statements include all adjustments, consisting of normal recurring adjustments, considered necessary for a fair presentation of our financial position, results of operations and cash flows. We do not consolidate portfolio company investments, including those in which we have a controlling interest.

Going Concern

Our consolidated financial statements have been prepared assuming OHAI will continue as a going concern. Under that assumption, we expect that assets will be realized and liabilities will be satisfied in the normal course of business.

As of March 15, 2016, the total outstanding principal amount of our debt obligations under our Investment Facility is $67.5 million. This amount, along with accrued interest, will be due and payable upon expiration of our Investment Facility which is scheduled to expire on May 23, 2016. We are currently in the process of negotiating a new investment facility, which we expect to have in place prior to that date. However, if we do not have a new investment facility in place prior to that date, or if we are unable to extend our existing Investment Facility, we will consider a number of actions in order to increase our liquidity to levels sufficient to meet our debt obligations under the existing Investment Facility and any other anticipated cash needs for the 12 months ended December 31, 2016. These actions include: refinancing our debt obligations with other lenders, disposing of certain portfolio investments, and reducing other controllable cash outflows.

We believe we are able to take such actions in a manner that would enable us to meet our debt obligations and other cash needs through December 31, 2016. However, failure to successfully execute our liquidity plans or otherwise address our liquidity needs may have a material adverse effect on our business and financial position, and may materially affect our ability to continue as a going concern.

Use of Estimates

Preparing consolidated financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes to the consolidated financial statements. Although we believe our estimates and assumptions are reasonable, actual results could differ materially from these estimates.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, liquid investments with an original maturity of three months or less in accounts such as demand deposit accounts, money market accounts, certain overnight investment sweep accounts and money market fund accounts. We record cash and cash equivalents at cost, which approximates fair value.

Deferred Loan Costs and Other Prepaid Assets

Deferred loan costs include up-front bank fees and related legal fees associated with the establishment of our credit facilities (see Note 3). Deferred loan costs are amortized to interest expense on a straight-line basis over the term of the related credit facility. Prepaid assets consist of premiums paid for directors' and officers' liability insurance with policy terms of one year and broker fees and commissions associated with the establishment of such policies. We amortize such premiums and fees on a straight-line basis over the term of the policy.

Concentration of Credit Risk

We place our cash and cash equivalents with financial institutions and, at times, cash held in checking or money market accounts may exceed the Federal Deposit Insurance Corporation insured limit.

The majority of our investments and interest receivable are with companies involved in the energy industry or in energy-related businesses.

Valuation of Investments

The 1940 Act requires the separate identification of investments according to the percentage ownership in a portfolio company's outstanding voting securities. The percentages and categories are as follows:

- Control investments — we own more than 25% of a portfolio company's outstanding voting securities
- Affiliate investments — we own 5% or more but not more than 25% of a portfolio company's outstanding voting securities
- Non-affiliate investments — we own less than 5% of a portfolio company's outstanding voting securities

We account for all of the assets in our investment portfolio at fair value, following the provisions of the Financial Accounting Standards Board Accounting Standards Codification *Fair Value Measurements and Disclosures* , or ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

On a quarterly basis, the investment team of our investment advisor prepares fair value recommendations for all of the assets in our portfolio in accordance with ASC 820 and presents them to the Audit Committee of our Board of Directors. The Audit Committee recommends fair values of each asset to our Board of Directors, which in good faith determines the final fair value for each investment.

- *Investment Team Valuation.* The investment professionals of our investment advisor prepare fair value recommendations for each investment.

- *Investment Team Valuation Documentation.* The investment team documents and discusses its preliminary fair value recommendations with the investment committee and senior management of our investment advisor.

- *Third Party Valuation Activity.* We may, at our discretion, retain an independent valuation firm to review any or all of the valuation analyses and fair value recommendations provided by the investment team of our investment advisor. Since December 31, 2014, our general practice is that we have an independent valuation firm review all Level 3 investments (those whose value is determined using significant unobservable inputs) with recommended fair values in excess of $10 million on a quarterly basis, and review all Level 3 investments with recommended fair values greater than zero at least annually to provide positive assurance on our valuations. With respect to our valuations as of December 31, 2015 and 2014 , an independent valuation firm reviewed and assisted in valuations representing 61% and 70% , respectively, of the total fair value of our portfolio investments.

- *Presentation to Audit Committee* . Our investment advisor and senior management present the valuation analyses and fair value recommendations to the Audit Committee of our Board of Directors.

- *Board of Directors and Audit Committee.* The Board of Directors and the Audit Committee review and discuss the valuation analyses and fair value recommendations provided by the investment team of our investment advisor and the independent valuation firm, if applicable.

- *Final Valuation Determination.* Our Board of Directors discusses the fair values recommended by the Audit Committee and determines the fair value of each investment in our portfolio, in good faith, based on the input of the investment team of our investment advisor, our Audit Committee and the independent valuation firm, if applicable.

We record investments in securities for which market quotations are readily available at such market quotations in our financial statements as of the valuation date. For investments in securities for which market quotations are unavailable, or which have various degrees of trading restrictions, the investment team of our investment advisor prepares valuation analyses and fair value estimates, using the most recently available financial statements, forecasts and, when applicable, comparable transaction data. These valuation analyses rely on estimates of the asset values and enterprise values of portfolio companies issuing securities.

The methodologies for determining asset valuations include estimates based on: the liquidation or sale value of a portfolio company's assets, the discounted value of expected future net cash flows from the assets and third party valuations of a portfolio company's assets, such as asset appraisal reports, futures prices and engineering reserve reports of oil and natural gas properties. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated asset value of a portfolio company.

The methodologies for determining enterprise valuations include estimates based on: valuations of comparable companies, recent sales of comparable companies, the value of recent investments in the equity securities of a portfolio company and on the methodologies used for asset valuations. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated enterprise value of a portfolio company.

The methodologies for determining estimated current market values of comparable securities include estimates based on: recent initial offerings of comparable securities of public and private companies; recent secondary market sales of comparable securities of public and private companies; current market implied interest rates for comparable securities in general; and current market implied interest rates for non-comparable securities in general, with adjustments for such elements as size of issue, terms, and liquidity. The investment team of our investment advisor considers some or all of the above valuation methods to determine the estimated current market value of a comparable security.

For some of our securities, quoted prices in active markets for identical assets (Level 1 valuation inputs) or other significant observable inputs, including quoted prices of similar securities, interest rates, prepayments, credit risk, etc. (Level 2 valuation inputs) are readily available from independent sources and are used to value such securities. For other securities, there will be no readily available Level 1 or Level 2 pricing information, and therefore significant unobservable inputs (Level 3 valuation inputs), including the assumptions of OHA, must be relied upon in determining fair value for these securities.

If prices or quotes for securities are either not readily available, or a price or quote is deemed not reflective of the security's fair market value, we employ a fair valuation technique for that security. In determining the fair value of a security, we may take into consideration (either individually or in combination) the financial condition and operating results of the underlying portfolio company, nature of the investment, restrictions on marketability, liquidity, market conditions, earnings multiple analyses using comparable companies, discounted cash flow analyses, appraisals, and other factors we deem appropriate.

We have a contingent earn-out investment which resulted from the sale of our investment in Alden Resources, LLC to Globe BG, LLC in July 2011. The amount of the payment, up to $6.8 million, is based on a formula involving the number of clean tons of coal produced multiplied by the difference between the company's cost of production in 2010 and the cost of production during the optimal consecutive twelve-month period during the three-year period ended July 2014. The reporting and review mechanism to determine the ultimate value of the earn-out has not yet been completed. Globe has informally advised us that the company's relative cost of production has not improved since July 2011, so we have recorded the value of the earn-out at zero.

We record all derivative instruments at fair value. Quoted market prices are the best evidence of fair value. We determine the fair value of the crude oil and natural gas options using a market-based valuation methodology based upon forward commodity price and volatility curves. Independent pricing services provide the curves, which reflect broker market quotes. We consider these investments as Level 2 on the valuation hierarchy, as the values represent quoted prices for similar instruments in active markets. We have not held any commodity derivative instruments since September 30, 2013.

Securities Transactions, Interest and Dividend Income Recognition

We account for all securities transactions on a trade-date basis, and we accrete premiums and discounts into interest or dividend income using the effective interest method. In conjunction with the acquisition of debt securities, we may receive detachable warrants, other equity securities or property interests such as overriding royalty interests. We record these interests separately from the debt securities at their initial fair value, with a corresponding amount recorded as a discount to the associated debt security. These original issue discounts, as well as market discounts or premiums, are capitalized and amortized into interest income over the life of the respective security using the effective interest method. The amortized cost of investments represents the original cost adjusted for the amortization of discounts and premiums and upfront loan origination fees.

We record interest income, adjusted for amortization of premiums or discounts, on an accrual basis to the extent that we expect to collect such amounts. We recognize dividend income on the ex-dividend date. When collectability of interest or dividends is no longer probable, we place the investment on non-accrual status and evaluate any existing interest or dividend receivable balances to determine if a reserve or write-off is necessary. We assess the collectability of the interest and dividends on many factors, including the portfolio company's ability to service its debt based on current and projected cash flows as well as the current valuation of the portfolio company's assets.

We defer the recognition of upfront loan origination fees, and amortize them into interest income over the life of the security using the effective interest method. Upon the prepayment of a loan or debt security, we record any unamortized loan origination fees as interest income and we record any unamortized market premium or discount as a realized gain or loss on the investment. We record prepayment premiums on loans and securities as other income when we receive such amounts.

We record interest income from investments in CLO residual interests based upon an estimate of an effective yield to expected maturity using anticipated cash flows with any remaining amount recorded to the cost basis of the investment. We monitor the anticipated cash flows from our CLO residual interest investments and adjust our effective yield periodically as needed on a prospective basis.

We recognize income from overriding royalty interests as received, and we amortize the cost of the recorded assets using the units of production method.

Payment-in-Kind Interest and Dividends

We have investments in our portfolio that contain payment-in-kind, or PIK, interest or dividend provisions. We compute PIK interest income or PIK dividend income at the contractual rate specified in each investment agreement, and we add that amount to the principal balance of the investment. For investments with PIK interest or PIK dividends, we calculate our income accruals on the principal balance plus any PIK amounts. If the portfolio company's projected cash flows, further supported by estimated total enterprise value, are not sufficient to cover the contractual principal and interest or dividend amounts, as applicable, we do not accrue PIK interest income or PIK dividend income on the investment. To maintain our RIC status, we must pay out this non-cash income to stockholders in the form of distributions, even though we have not yet collected the cash. We recorded net PIK interest income of $1.4 million , $1.2 million and $1.6 million in 2015 , 2014 and 2013 , respectively. We recorded PIK dividend income of $1.3 million in 2015 from our investment in Castex Energy 2005, LP, and did not record any PIK dividend income in 2014 and 2013 .

Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation

We measure realized gains on a security as the excess of the net amount realized from the sale or other disposition of such security over the amortized cost for the security. We measure realized losses on a security as the amount by which the net amount realized from the sale or other disposition of such security is less than the amortized cost of such security. We consider unamortized upfront fees and investments charged off during the year, net of recoveries, and we do not include previously recognized unrealized appreciation or depreciation.

We measure unrealized appreciation or depreciation on a security as the amount by which the fair value of such security exceeds or is less than the amortized cost of such security, as applicable. Net unrealized appreciation or depreciation for the period reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when we realize the settled gains or losses upon redemption.

We do not account for our commodity derivative instruments, if any, as hedging instruments for financial accounting purposes. Net unrealized appreciation or depreciation reflects the change in fair values during the reporting period including the reversal of previously recorded unrealized appreciation or depreciation when we realize the settled gains or losses.

Fee Income Recognition

Fees primarily include financial advisory, transaction structuring, loan administration, commitment, amendment and prepayment fees. Financial advisory fees represent amounts received for providing advice and analysis to companies, and we recognize these fees as earned when we perform such services, provided collection is probable. Transaction structuring fees represent amounts received for structuring, financing and executing transactions and are generally payable only if the transaction closes. We defer such fees and accrete them into interest income over the life of the loan using the effective interest method. Commitment fees represent amounts received for committed funding and are generally payable whether the transaction closes or not. We defer commitment fees on transactions that close within the commitment period and accrete these fees into interest income over the life of the loan using the effective interest method. We record commitment fees on transactions that do not close in the month the commitment period expires. We recognize prepayment and loan administration fees when we receive them. During the years ended December 31, 2015 , 2014 and 2013 we recorded the following amounts of fee income (in thousands):

	2015	2014	2013
Commitment fees forfeited	$ —	$ —	$ 113
Prepayment, amendment and loan administration fees	1,016	510	254
Commitment fees and discounts accreted and premiums amortized into income	634	1,218	761
Total fee income	$ 1,650	$ 1,728	$ 1,128

Distributions

We record distributions to stockholders on the ex-dividend date. We currently intend that our distributions each year will be sufficient to maintain our status as a RIC for federal income tax purposes and to eliminate federal excise tax liability. We currently intend to make distributions to stockholders on a quarterly basis so that substantially all of our net taxable income is distributed on an annual basis. We also intend to make distributions of net realized capital gains, if any, at least annually. However, we may in the future decide to retain such capital gains for investment and designate such retained amounts as deemed distributions. Each quarter, we estimate our annual taxable earnings. The Board of Directors considers this estimate and determines the distribution amount, if any. We generally declare our distributions each quarter and pay them shortly thereafter. The following table summarizes our recent distribution history:

Declaration Date	Per Share Amount		Record Date	Payment Date
March 18, 2014	$	0.16	March 31, 2014	April 7, 2014
June 10, 2014		0.16	June 30, 2014	July 7, 2014
September 11, 2014		0.16	September 30, 2014	October 7, 2014
December 17, 2014		0.16	December 31, 2014	January 9, 2015
March 3, 2015		0.12	March 31, 2015	April 8, 2015
June 10, 2015		0.12	June 30, 2015	July 9, 2015
September 17, 2015		0.12	September 30, 2015	October 7, 2015
December 11, 2015		0.12	December 31, 2015	January 8, 2016

We determine the tax characteristics of our dividend distributions as of the end of the fiscal year, based on the taxable income for the full year and distributions paid during the year. Taxable income available for distribution differs from consolidated net investment income under GAAP due to (i) temporary and permanent differences in income and expense recognition, (ii) capital gains and losses, (iii) activity at taxable subsidiaries, and (iv) the timing and period of recognition regarding dividends declared in December of one year and paid in January of the following year. The tax characteristics of deemed distributions in 2015 represented $11.0 million from ordinary income, none from return of capital and none from capital gains. For tax purposes, 15% of the $2.4 million dividend declared in December 2015 and paid on January 8, 2016 was deemed to be distributed in 2015 and 85% was deemed to be distributed in 2016. The tax characteristics of deemed distributions in 2014 represented $7.1 million from ordinary income, $3.5 million from return of capital and none from capital gains. For tax purposes, 100% of the $3.3 million dividend declared in December 2014 and paid on January 9, 2015 was deemed to be distributed in 2015.

We have established an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend, our plan agent automatically reinvests a stockholder’s cash dividend in additional shares of our common stock unless the stockholder, or his or her broker, specifically “opts out” of the dividend reinvestment plan and elects to receive cash dividends. It is customary practice for many brokers to “opt out” of dividend reinvestment plans on behalf of their clients unless specifically instructed otherwise.

The purpose of the plan is to provide stockholders with a method of investing cash dividends and distributions in additional shares at the current market price without charges for record-keeping, custodial and reporting services. Any stockholder of record may elect to partially participate in the plan, or begin or resume participation at any time, by providing the plan agent with written notice.

The plan agent of our dividend reinvestment plan purchases shares in the open market for credit to the accounts of plan participants unless the average of the closing sales prices for the shares for the five days immediately preceding the payment date exceeds 110% of the most recently reported net asset value per share.

The table below summarizes recent participation in our dividend reinvestment plan (in thousands, except percentages and price per share):

					Common Stock Dividends	
Dividend	Participating Shares	Percentage of Outstanding Shares	Total Distribution	Cash Dividends	Purchased in Open Market	Price per Share
March 2014	1,217,000	5.9%	3,280	3,085	195	6.68
June 2014	1,136,000	5.5%	3,280	3,098	182	6.60
September 2014	1,476,000	7.2%	3,299	3,063	236	6.32
December 2014	238,000	1.2%	3,299	3,261	38	4.79
March 2015	71,000	0.3%	2,465	2,457	8	5.39
June 2015	59,000	0.3%	2,609	2,602	7	5.73
September 2015	61,000	0.3%	2,609	2,602	7	4.74
December 2015	68,000	0.3%	2,609	2,601	8	4.21

Income Taxes

For federal income tax purposes, we operate so as to qualify as a RIC under Subchapter M of Chapter 1 of the Code. As a RIC, we are generally not subject to corporate-level U.S. federal income taxes on the portion of our investment company taxable income and net capital gain (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) that we distribute to our stockholders. We have distributed and intend to distribute sufficient dividends to eliminate taxable income. We may also be subject to federal excise tax if we do not distribute an amount at least equal to the sum of (1) 98% of our ordinary income for the calendar year (taking into account certain deferrals and elections), (2) 98.2% of our capital gain net income, computed for the one year period ended October 31 of that calendar year, and (3) 100% of any ordinary income or capital gain net income not distributed or taxed in prior years. Dividends to stockholders are recorded on the ex-dividend date. We currently intend to make sufficient distributions each year to maintain our status as a RIC for federal income tax purposes and to avoid excise taxes.

Certain of our wholly owned subsidiaries, or Taxable Subsidiaries, have elected to be taxed as corporations for federal income tax purposes. The Taxable Subsidiaries hold certain of our portfolio investments and are consolidated for financial reporting purposes, but not for income tax reporting purposes. These Taxable Subsidiaries permit us to hold equity investments in portfolio companies that are "pass through" entities for tax purposes, in order to comply with the "source-of-income" requirements that must be satisfied to maintain our qualification as a RIC. The Taxable Subsidiaries may generate net income tax expense or benefit, which is reflected on our Consolidated Statements of Operations.

We record any tax interest and penalties in other general and administrative expenses on our Consolidated Statement of Operations. Tax interest and penalties were immaterial for all periods presented.

Recent Accounting Pronouncements

In August, 2014, the FASB released Accounting Standards Update 2014-15, *Presentation of Financial Statements - Going Concern* (Subtopic 205-40), or ASU 2014-15. ASU 2014-15 requires the Company to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within the one year period subsequent to the date that the financial statements are issued or within the one year period subsequent the date that the financial statements are available to be issued. ASU 2014-15 becomes effective for fiscal periods ending after December 15, 2016; however, early adoption is permitted. The Company has not elected to early adopt ASU 2015-15 and is considering its effects upon the financial statements.

In April 2015, the FASB issued ASU 2015-03 *Interest - Imputation of Interest* ("ASU 2015-03"). The pronouncement requires that debt issuance costs related to a recognized debt liability be presented in the consolidated statement of assets and liabilities as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendment becomes effective for financial statements issued for fiscal years that begin after December 15, 2015. ASU 2015-03 may be early adopted and applied retroactively. The Company has not elected to early adopt ASU 2015-03 and is considering its effects upon the financial statements.

Note 3: Credit Facilities and Borrowings

We are party to a $72.0 million Third Amended and Restated Revolving Credit Agreement, or the Investment Facility, dated May 23, 2013, as amended. The total amount outstanding under the Investment Facility was $72.0 million and $52.0 million as of December 31, 2015 and December 31, 2014 , respectively. Substantially all of our assets, except our investments in U.S. Treasury Bills, are pledged as collateral for the obligations under the Investment Facility. On September 29, 2014, we amended the Investment Facility to permit the appointment of OHA as our investment advisor. The Investment Facility matures on May 23, 2016 and bears interest, at our option, at either (i) LIBOR plus 325 to 475 basis points, or (ii) the base rate plus 225 to 375 basis points, both based on our amounts outstanding. As of December 31, 2015 , the average interest rate on our outstanding balance of $72.0 million was 4.7% , and there was no additional amount available for borrowing under the Investment Facility. We repaid $12.0 million of the balance outstanding under the Investment Facility in early January 2016.

As of March 15, 2016, the total outstanding principal amount of our debt obligations under our Investment Facility is $67.5 million. This amount, along with accrued interest, will be due and payable upon expiration of our Investment Facility which is scheduled to expire on May 23, 2016. We are currently in the process of negotiating a new investment facility, which we expect to have in place prior to that date. However, if we do not have a new investment facility in place prior to that date, or if we are unable to extend our existing Investment Facility, we will consider a number of actions in order to increase our liquidity to levels sufficient to meet our debt obligations under the existing Investment Facility and any other anticipated cash needs for the 12 months ended December 31, 2016. These actions include: refinancing our debt obligations with other lenders, disposing of certain portfolio investments, and reducing other controllable cash outflows.

We believe we are able to take such actions in a manner that would enable us to meet our debt obligations and other cash needs through December 31, 2016. However, failure to successfully execute our liquidity plans or otherwise address our liquidity needs may have a material adverse effect on our business and financial position, and may materially affect our ability to continue as a going concern.

We were party to a $30.0 million Treasury Secured Revolving Credit Agreement, or the Treasury Facility, dated March 31, 2011, as amended, with SunTrust Bank as administrative agent, that could only be used to purchase U.S. Treasury Bills. Proceeds from the Treasury Facility facilitated the growth of our investment portfolio and provided flexibility in the sizing of our portfolio investments. On September 24, 2014, we entered into a fifth amendment to the Treasury Facility, reduced the size of the Treasury Facility to $30.0 million and permitted the appointment of OHA as our investment advisor. Borrowings under the Treasury Facility bear interest, at our option, at either (i) LIBOR plus 150 basis points or (ii) the base rate plus 50 basis points. The Treasury Facility matured on September 24, 2015 and was not renewed.

The Investment Facility contains and the Treasury Facility did contain affirmative and reporting covenants and certain financial ratio and restrictive covenants. We have complied with these covenants throughout 2015 and 2014 and had no existing defaults or events of default under either facility. The most restrictive covenants, with terms as defined in the credit agreements, are (these restrictive covenants apply to both the Investment Facility and the Treasury Facility, unless otherwise noted):

- maintaining a ratio of net asset value to consolidated total indebtedness (excluding net hedging liabilities) of not less than 2.25:1.0,
- maintaining a ratio of net asset value to consolidated total indebtedness (including net hedging liabilities) of not less than 2.0:1.0,
- maintaining a ratio of EBITDA (excluding revenue from cash collateral) to interest expense (excluding interest on loans under the Treasury Facility) of not less than 3.0:1.0, and
- maintaining a ratio of collateral to the aggregate principal amount of loans under the Treasury Facility of not less than 1.02:1.0.

On December 22, 2015 , we purchased $35.0 million of U.S. Treasury bills and contemporaneously entered into a repurchase arrangement with Bank of America Merrill Lynch, or BAML, to finance such purchase. Under the repurchase arrangement, we transferred $35.0 million of U.S. Treasury bills and $0.7 million of cash to BAML as collateral under the repurchase agreement. We repaid the amount borrowed under the repurchase agreement, and BAML returned to us the $0.7 million cash collateral, net of a $21.4 thousand financing fee, upon maturity of the U.S. Treasury bills on January 21, 2016 . We account for the transfer of the U.S. Treasury bills under the repurchase agreement as a secured borrowing. As a result, the U.S. Treasury bills are recorded on our books as investments in U.S. Treasury bills, and the amount borrowed under the repurchase agreement is recorded as short-term debt at December 31, 2015 .

Our average amount of debt outstanding during 2015 was $52.2 million and the average interest rate was 4.1% . During the years ended December 31, 2015 , 2014 and 2013 , interest expense and bank fees included the following (in thousands):

	2015	2014	2013
Interest expense on borrowed amounts	$ 2,115	$ 643	$ 1,912
Commitment fees on unborrowed amounts	179	386	230
Amortization of deferred loan costs	1,145	1,053	1,053
Bank service charges	41	37	44
	$ 3,480	$ 2,119	$ 3,239

Note 4: Common Stock

On October 31, 2011, our Board of Directors approved a stock repurchase plan, pursuant to which we may, from time to time, repurchase up to $10.0 million of our common stock in the open market at prices not to exceed the net asset value of our shares. During 2012 and 2013, we repurchased an aggregate of 1,129,014 shares of our common stock in the open market at an average price of $6.71 per share, totaling $7.6 million, in accordance with the stock repurchase plan. These repurchases were made at approximate discounts to our most recently published net asset value of 30%, 26% and 28% in May and November 2012 and May 2013, respectively.

On September 30, 2014, in connection with the appointment of OHA as our investment advisor, we completed the private sale of $1.0 million in aggregate purchase price of our common stock at an offering price of $8.53 per share, for a total of 117,234 shares, to an affiliate of OHA, pursuant to the stock purchase and transaction agreement dated July 21, 2014, by and among us, OHA and the affiliate. The price per share paid by the affiliate was the net asset value per share established by our previous board of directors as of a date within 48 hours prior to the purchase, excluding the impact of certain transaction and closing expenses, and represented a 38% premium to the market price per share on such date. The OHA affiliate also executed a stock purchase plan in accordance with Rule 10b-5-1 of the Securities Exchange Act of 1934, pursuant to which it committed to purchase, from time to time during the 12-month period ending September 30, 2015, through open market purchases, additional shares of our common stock having an aggregate purchase price of $4 million. During the fourth quarter of 2014, the OHA affiliate fulfilled its obligations under this plan, purchasing an aggregate of 696,198 shares of our common stock in the open market at an average price of $5.75 per share, totaling $4.0 million.

In March 2015, our Board of Directors authorized the Company to repurchase up to the remaining $2.4 million available to be repurchased under this plan. As of July 14, 2015, we completed the stock repurchases under the stock repurchase plan. During 2015, we repurchased a total of 444,030 shares for $2.4 million at a weighted average price of $5.46 per share, a 27% discount to net asset value at December 31, 2014. Repurchases initiated after March 31, 2015 were made pursuant to a plan executed in accordance with Rule 10 b5-1 under the Securities Exchange Act of 1934.

Note 5: Investment Management

Investment Advisory Agreement

On September 30, 2014, we entered into the Investment Advisory Agreement with OHA, an investment adviser registered under the Investment Advisers Act of 1940, or Advisers Act, pursuant to which OHA replaced NGP Investment Advisor, LP as our investment advisor. The initial term of the Investment Advisory Agreement is until September 30, 2016, and subsequently for successive one-year renewals, provided such continuation is annually approved by our Board of Directors, a majority of whom are not “interested” persons (as defined in the 1940 Act) of us. Pursuant to the Investment Advisory Agreement, OHA implements our business strategy on a day-to-day basis and performs certain services for us, subject to the supervision of our Board of Directors. Under the Investment Advisory Agreement, we pay OHA a fee consisting of two components — a base management fee and an incentive fee.

Base Management Fee: The base management fee is paid quarterly in arrears, and is calculated by multiplying the average value of our total assets (excluding cash, cash equivalents and U.S. Treasury Bills that are purchased with borrowed funds solely for the purpose of satisfying quarter-end diversification requirements related to our election to be taxed as a RIC under the Code), as of the end of the two immediately prior fiscal quarters, by a rate of 1.75% per annum, with a 0.25% reduction in this 1.75% annual rate for the first year following September 30, 2014. For the year ended December 31, 2015 , we incurred $3.0 million in base management fees.

Incentive Fee: The incentive fee consists of two parts. The first part, the investment income incentive fee, is calculated and payable quarterly in arrears based on our pre-incentive fee net investment income for the fiscal quarter for which the fee is being calculated. Pre-incentive fee net investment income means interest income, dividend income, royalty payments, net profits interest payments, and any other income (including any other fees, such as commitment, origination, syndication, structuring, diligence, monitoring and consulting fees or other fees that we receive from portfolio companies) accrued during the fiscal quarter, minus our operating expenses for the quarter (including the base management fee, expenses payable under the Administration Agreement, and any interest expense and distributions paid on any issued and outstanding preferred stock, but excluding the incentive fee). Pre-incentive fee net investment income includes, in the case of investments with a deferred interest feature (such as original issue discount, debt instruments with payment-in-kind interest and zero coupon securities), accrued income that we have not yet received in cash. Accordingly, we may pay an incentive fee based partly on accrued investment income, the collection of which is uncertain or deferred. Pre-incentive fee net investment income does not include any realized capital gains, realized capital losses, or unrealized capital appreciation or depreciation. Pre-incentive fee net investment income, expressed as a rate of return on the value of our net assets (defined as total assets less liabilities at the end of the immediately preceding fiscal quarter) is compared to a “hurdle rate” of 1.75% per quarter (7% annualized). OHA receives no incentive fee for any fiscal quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate. OHA receives an incentive fee equal to 100% of our pre-incentive fee net investment income for any fiscal quarter in which our pre-incentive fee net investment income exceeds the hurdle rate but is less than 2.1875% (8.75% annualized) of net assets (also referred to as the “catch up” provision) plus 20% of our pre-incentive fee net investment income for such fiscal quarter greater than 2.1875% (8.75% annualized) of net assets. For the year ended December 31, 2015 , we incurred $1.0 million in incentive fees. We did not incur any investment income incentive fee in the fourth quarter of 2014.

The second part of the incentive fee, the capital gains fee, is determined and payable in arrears as of the end of each fiscal year (or, upon termination of the Investment Advisory Agreement, as of the termination date). The capital gains fee is equal to 20% of our cumulative aggregate realized capital gains from September 30, 2014 through the end of that fiscal year, computed net of our cumulative aggregate realized capital losses and cumulative aggregate unrealized depreciation on investments for the same time period. The aggregate amount of any previously paid capital gains incentive fees to OHA is subtracted from the capital gains incentive fee calculated. If such amount is negative, then there is no capital gains fee for such year. For the purposes of the capital gains fee, any gains and losses associated with our investment portfolio as of September 30, 2014 shall be excluded from the capital gains fee calculation. We have not incurred any capital gains fees since the Investment Advisory Agreement went into effect on September 30, 2014.

The Investment Advisory Agreement may be terminated at any time, without the payment of any penalty, by a vote of our Board of Directors or a vote of the holders of at least a majority of our outstanding voting securities (within the meaning of the 1940 Act) on 60 days’ written notice to OHA, and would automatically terminate in the event of its “assignment” (within the meaning of the 1940 Act). OHA may terminate the Investment Advisory Agreement without penalty by providing us at least than 60 days’ written notice. Pursuant to the Investment Advisory Agreement, OHA pays the compensation expense of its investment professionals, who provide management and investment advisory services to us. We bear all other costs and expenses of our operations and transactions.

Previous Investment Advisory Agreement

Prior to the September 30, 2014 appointment of OHA as our investment advisor, we had a similar investment advisory agreement with our previous investment advisor, NGP Investment Advisor, LP. The fee structure under our previous investment advisory agreement consisted of two components — a base management fee and an incentive fee.

Base Management Fee : Under the previous investment advisory agreement, we calculated the quarterly base management fee as 0.45% (1.8% annualized) of the average of our total assets (inclusive of all cash and cash equivalents without any exclusions) as of the end of the two most recent fiscal quarters, payable quarterly in arrears.

Incentive Fee : The incentive fee under the previous investment advisory agreement consisted of two parts. We calculated the first part of the incentive fee, the investment income incentive fee, as 20% of the excess, if any, of our net investment income for the quarter that exceeded a quarterly hurdle rate equal to 2% (8% annualized) of our net assets, with no “catch up” provision. We calculated and paid this investment income incentive fee quarterly in arrears. For the purpose of this fee calculation, net investment income was defined similarly to that under the Investment Advisory Agreement. We did not incur any investment income incentive fees in 2014 under the previous investment advisory agreement. For the year ended December 31, 2013, we incurred investment income incentive fees totaling $0.4 million.

We calculated the second part of the incentive fee, the capital gains fee, as (1) 20% of (a) our net realized capital gains (realized capital gains less realized capital losses) on a cumulative basis from the closing date of our initial public offering to the end of the applicable fiscal year, less (b) any unrealized capital depreciation at the end of such fiscal year, less (2) the aggregate amount of all capital gains fees paid to NGP Investment Advisor, LP in prior fiscal years. We determined and paid the capital gains fee in arrears as of the end of each fiscal year. We did not incur any capital gains fees under the previous investment advisory agreement since 2007.

Administration Agreement

On September 30, 2014, we entered into the Administration Agreement with OHA pursuant to which OHA replaced NGP Administration, LLC as our administrator and furnishes us with certain administrative services, personnel and facilities. The Administration Agreement has an initial term ending on September 30, 2016. Payments under the Administration Agreement are equal to our allocable portion of OHA’s overhead in performing its obligations under the Administration

Agreement, including all administrative services necessary for our operation and the conduct of our business. The aggregate amount of certain costs and expenses payable by us under the Investment Advisory Agreement and the Administration Agreement for the period from October 1, 2014 to September 30, 2015 shall not exceed $2.5 million, or the Cap; provided that interest expense and bank fees, management and incentive fees, legal and professional fees, insurance expenses, taxes and costs related to the change in investment advisor are not subject to the Cap. Following the expiration of the Cap period, we completed the reconciliation of the related costs and expenses which resulted in approximately $0.5 million credit from OHA and is reflected in general and administrative expenses as of December 31, 2015. The Administration Agreement may be terminated at any time, without penalty, by a vote of our Board of Directors or by OHA upon 60 days' written notice to the other party.

Prior to the September 30, 2014 appointment of OHA as our administrator, we had a similar administration agreement with our previous administrator, NGP Administration, LLC, with similar provisions as the Administration Agreement, except that under the previous administration agreement, (i) there was no Cap on expenses payable by us, and (ii) a portion of compensation costs of investment professionals and certain other costs were allocated to us that are not allocable to us under the Administration Agreement.

We owed $0.2 million and $0.2 million to OHA under the Administration Agreement as of December 31, 2015 and December 31, 2014 , respectively, for expenses incurred on our behalf for the final month of the respective quarterly period. We include these amounts in accounts payable and accrued expenses on our consolidated balance sheets.

Note 6: Federal Income Taxes

We operate so as to qualify, for tax purposes, as a RIC under Subchapter M of Chapter 1 of the Code. As a RIC, we are generally not subject to corporate-level U.S. federal income taxes on the portion of our investment company taxable income and net capital gain (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) that we distribute to our stockholders. To qualify as a RIC, we are required, among other things, to distribute to our stockholders each year at least 90% of investment company taxable income, as defined by the Code, and to meet certain asset-diversification requirements.

Certain of our wholly-owned subsidiaries, or Taxable Subsidiaries, have elected to be taxed as corporations for federal income tax purposes. The Taxable Subsidiaries hold certain of our portfolio investments and are consolidated for financial reporting purposes, but not for income tax reporting purposes. These Taxable Subsidiaries permit us to hold equity investments in portfolio companies that are "pass through" entities for tax purposes, in order to comply with the "source-of-income" requirements that must be satisfied to maintain our qualification as a RIC. The Taxable Subsidiaries may generate net income tax expense or benefit, which is reflected on our consolidated statements of operations.

Tax years 2011 through 2014 with respect to the Company and our Taxable Subsidiaries are open to future IRS examination. Our Taxable Subsidiaries have federal net operating loss carryforwards of $43.2 million that expire in various years through 2035.

Deferred income tax expense (benefit) results from temporary differences in the recognition of income and expenses for financial reporting purposes and for income tax purposes. The significant components of the income tax effects of these temporary differences, representing deferred income tax assets and liabilities are as follows (in thousands):

	December 31, 2015	December 31, 2014
Deferred tax assets		
Net operating loss carryforwards	$ 15,276	$ 10,817
Unrealized losses, net	5,529	1,799
AMT credit carryforward	632	632
Total gross deferred tax assets	21,437	13,248
Less valuation allowance	(14,621)	(10,940)
Net deferred tax assets	6,816	2,308
Deferred tax liabilities		
Investment in partnerships-Federal	(6,816)	(2,308)
Total gross deferred tax liabilities	(6,816)	(2,308)
Net deferred tax assets (liabilities)	$ —	$ —

Federal and state income tax provisions (benefits) on net investment income, capital gains (losses) and unrealized appreciation (depreciation) on investments are as follows (in thousands):

	Year Ended December 31,		
	2015	**2014**	**2013**
Current:			
U.S. federal – capital (AMT)	$ —	$ 2	$ 53
State – net investment income	72	109	91
	$ 72	$ 111	$ 144
Deferred:			
U.S. federal – unrealized	$ —	$ —	$ (1)
Total	$ 72	$ 111	$ 143

Actual income tax expense differs from income tax expense computed by applying the U.S. federal statutory corporate rate of 34% to net investment income before provision for income taxes. These differences and the differences between the statutory federal tax rate and the effective income tax rate were as follows (in thousands, except percentages):

	Year Ended December 31,					
	2015		**2014**		**2013**	
Net income (loss) before taxes	$ (31,425)		$ (22,120)		$ 4,013	
Provision (benefit) at the statutory rate	(10,685)	34 %	(7,521)	34 %	1,364	34 %
Increase (decrease) in provision resulting from:						
RIC loss (income) not subject to income taxes	6,995	(22)%	6,546	(30)%	(2,361)	(59)%
State income taxes, net of federal benefit	63	— %	94	— %	76	2 %
Valuation allowance	3,702	(12)%	994	(5)%	1,064	27 %
Other	(3)	— %	(2)	— %	—	— %
Total income tax provision (benefit), net	$ 72	— %	$ 111	(1)%	$ 143	4 %
Effective tax rate	— %		(1)%		4%	

Note 7: Commitments and Contingencies

As of December 31, 2015, we had investments in or commitments to fund investments to 19 portfolio companies totaling $239.3 million . As of December 31, 2014, we had investments in or commitments to fund investments to 15 portfolio companies totaling $202.8 million.

We have continuing obligations under the Investment Advisory Agreement and the Administration Agreement with OHA. See Note 5. The agreements provide that, absent willful misfeasance, bad faith or gross negligence in the performance of its duties or the reckless disregard of its duties and obligations, OHA and its officers, managers, agents, employees, controlling persons, members and any other person or entity affiliated with OHA will be entitled to indemnification from us for any damages, liabilities, costs and expenses (including reasonable attorneys' fees and amounts reasonably paid in settlement) arising from the rendering of services under the agreements or otherwise as our investment advisor or administrator. The agreements also provide that OHA and its affiliates will not be liable to us or any stockholder for any error of judgment, mistake of law, any loss or damage with respect to any of our investments or any action taken or omitted to be taken by OHA in connection with the performance of any of its duties or obligations under the agreements or otherwise as investment advisor or administrator to us, except to the extent specified in Section 36(b) of the 1940 Act concerning loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services. In the normal course of business, we enter into a variety of undertakings containing a variety of representations that may expose us to some risk of loss. We do not expect significant losses, if any, from such undertakings.

Legal Proceedings

From time to time, we are involved in various legal proceedings arising in the normal course of business. While we cannot predict the outcome of these proceedings with certainty, we do not believe that an adverse result in any pending legal proceeding, other than those described below, individually or in the aggregate, would be material to our business, financial condition or cash flows.

ATP Litigation . On August 17, 2012, ATP Oil & Gas Corporation, or ATP, filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Prior to the bankruptcy filing, we purchased limited term overriding royalty interests, or ORRIs, in certain offshore oil and gas producing properties operated by ATP (generally, the Gomez and Telemark properties). Credit Suisse, AG, or CS, and The Bank of New York Mellon Trust Company, N.A., or BONY, which held mortgages on ATP's interests in the Gomez and Telemark properties at the time of the conveyances, executed certain Acts of Subordination of their liens in favor of OHAI. On August 23, 2012, on a motion filed by ATP, the bankruptcy judge presiding over ATP's case signed an order (Bankr. Dkt. No. 191) requiring ATP to pay amounts received after August 17, 2012 to those parties it believes are entitled to receive them, including the ORRI holders, provided that the ORRI holders execute a disgorgement agreement providing for the repayment of any amounts that the bankruptcy court later finds to have been inappropriately paid. We executed the disgorgement agreement and began receiving monthly distributions in September 2012 from ATP of our share of production proceeds received by ATP after August 17, 2012. As of December 31, 2015 , our unrecovered investment was $28.6 million , and we had received aggregate production payments of $35.4 million subject to the disgorgement agreement; both of these amounts are the subject of disputes in the litigation described herein.

As of December 31, 2015 , we had incurred legal and consulting fees totaling $5.3 million in connection with the enforcement of our rights under the ORRIs. On various occasions, we have provided notice that such legal expenses will be added to our unrecovered investment balance to the extent they are not reimbursed. To date, we have not received any payments on account of legal expenses aside from our receipt of regular monthly production payments. As a result, we add our legal expenses to the unrecovered investment balance in accordance with our transaction documents. As of December 31, 2015 , $5.0 million of the $5.3 million in legal and consulting fees have been added to, and are thus included in, the unrecovered investment balance under the terms of our transaction documents. The remaining amounts of legal and consulting fees, totaling $0.3 million and $0.1 million as of December 31, 2015 and December 31, 2014, respectively, are included in accounts receivable and other current assets on our consolidated balance sheets and are, thus, not included in the unrecovered investment balance as of such dates.

On October 17, 2012, we filed a lawsuit against ATP styled: *OHA Investment Corporation v. ATP Oil & Gas Corporation* , Adv. Proc. No. 12-03443, in the U.S. Bankruptcy Court for the Southern District of Texas, seeking a declaration that the ORRIs are our property and not property of ATP and that the conveyance and purchase and sale documents are not executory contracts that may be rejected in order to remove or recharacterize our interests in the properties (the "Adversary Proceeding"). ATP filed an answer and counterclaim in which it (a) denies that the ORRIs are valid and enforceable, (b) seeks a declaration that (i) the ORRIs are a financing agreement and not a true sale and (ii) the ORRIs are executory contracts that are subject to rejection under section 365 of the Bankruptcy Code, and (c) seeks disgorgement from us of amounts paid to us since August 17, 2012, the date of filing of ATP's Chapter 11 proceeding. The United States, on behalf of the Department of the Interior, intervened in the Adversary Proceeding, arguing that the underlying leases are unexpired leases of real property or executory contracts (and not real property conveyances) and are subject to rejection by ATP. Certain service companies claiming statutory liens or privileges have intervened in the Adversary Proceeding for the purposes of establishing that their alleged statutory liens and privileges are superior to our rights and asserting related claims for disgorgement of proceeds paid to us by ATP. BONY, the secondary lien holder, has also intervened, arguing (i) the ORRIs are a financing agreement and not a true sale, (ii) our claims are barred, waived, released and/or otherwise foreclosed by the express terms of the conveyance of the ORRIs, and (iii) either we have not met a condition precedent or we failed to perform or substantially perform our contractual obligations. The issues in the Adversary Proceeding have been bifurcated such that the issues of (i) whether the conveyances and transactions between us and ATP constituted outright transfers of ownership and (ii) whether the conveyances are executory contracts or leases that ATP may reject, will be tried first as "Phase 1" of the legal proceedings. Any additional claims, including the service company statutory lien claims and related issues, will be decided later in "Phase 2." This lawsuit is currently pending. We have entered into certain settlement agreements, discussed further below to resolve Phase 1 of the Adversary Proceeding.

On June 13, 2013, the bankruptcy court entered an order (Bankr. Dkt. No. 1999) approving ATP's request (set forth in Bankr. Dkt. No. 1902) to reject and/or abandon and relinquish its interests in the Gomez properties. Consequently, we no longer receive payments attributable to the Gomez properties.

In connection with an auction and various proceedings in the bankruptcy case, CS, as administrative and collateral agent to those lenders who are parties to that certain Senior Secured Super Priority Priming Debtor in Possession Credit Agreement dated August 29, 2012, or the DIP Lenders, submitted a Credit Bid - or bid based on a reduction in the amount of ATP's outstanding indebtedness to CS - to purchase the Telemark properties and certain other assets. On October 17, 2013, the bankruptcy court entered its Final Sale Order approving the sale (Bankr. Dkt. No. 2706) to Bennu Oil & Gas, LLC, or Bennu, a newly formed company owned by the DIP Lenders. The assets purchased included claims asserted by ATP in our pending Adversary Proceeding.

On May 20, 2014, Bennu substituted into the Adversary Proceeding for ATP with respect to any claims that relate to assets purchased from ATP.

On June 26, 2014, the bankruptcy court entered an order converting ATP's bankruptcy case to a case under Chapter 7 of the U.S. Bankruptcy Code. Rodney D. Tow was appointed as Chapter 7 Trustee of ATP's bankruptcy estate.

On September 3, 2014, Bennu filed a Motion to Dismiss claims between Bennu and us. In connection with the Motion to Dismiss, Bennu stated that it does not desire to pursue affirmative claims against us for recharacterization or disgorgement, and it disclaimed any intention to sue us regarding the characterization of the ORRIs. The Motion to Dismiss led to a series of disputes between us, Bennu, and the Trustee regarding who owns and/or holds the right prosecute and finally resolve the claims that were asserted by ATP against us. On January 28, 2015, the bankruptcy court entered an order (Adv. Dkt. No. 236), which determined, among other things, that Bennu has the exclusive right to seek to recharacterize the ORRIs as something other than a vested ownership in hydrocarbons to be produced. It also determined that (i) the Trustee has the exclusive right to seek to avoid payments made to OHAI under sections 544, 547 and 548 of the Bankruptcy Code and (ii) the Trustee may only pursue claims under section 549 that were not purchased by Bennu. On February 24, 2015, the Trustee filed an Amended Counterclaim against us which sought to avoid and recover alleged preferential transfers in the amount of $3.4 million. The Amended Counterclaim also sought to avoid post-petition royalty payments made to us from the Gomez Properties in the amount of $9.6 million and from the Telemark Properties in the amount of $13.4 million. As a result of the Amended Complaint, additional motions were filed by us and Bennu challenging the Trustee's right to bring the claims.

On April 30, 2015, we and Bennu filed an Expedited Joint Motion to Enter Agreed Judgment (Adv. Dkt. No. 251), seeking entry of an Agreed Judgment determining that, among other things, the ORRIs are a real property interest and a "production payment" within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code, and that the ORRIs are not and never were property of ATP's bankruptcy estate. In connection with the Joint Motion, we entered into a Settlement and Release Agreement with Bennu pursuant to which, in exchange for Bennu agreeing to execute and seek entry of the Agreed Judgment, we agreed to withdraw and/or release Bennu from certain claims primarily relating to our claim for breach of the Acts of Subordination which were executed by CS in connection with the conveyance of the ORRIs. Our agreed release of Bennu was contingent upon the bankruptcy court's entry of the Agreed Judgment. The proposed Agreed Judgment does not address any disputes between us and Bennu with respect to the terms of the ORRIs, including those relating to the treatment of our legal fees, default interest, or the claims asserted by the statutory lien claimants.

The Trustee filed an Objection to the Joint Motion to Enter Agreed Judgment (Adv. Dkt. No. 253), and on May 21, 2015, the Court conducted a hearing on our and Bennu's motions challenging the Trustee's Amended Counterclaim and the Expedited Joint Motion to Enter Agreed Judgment. At the hearing, the Court announced its decision to dismiss the claim asserted by the Trustee to avoid post-petition royalty payments made to us from the Telemark properties. With respect to the remaining claims asserted in the Trustee's Amended Counterclaim, the Court took our motion and Bennu's motions under advisement. With respect to the Expedited Joint Motion to Enter Agreed Judgment, the Court indicated that it could not enter the Agreed Judgment in the Adversary Proceeding as long as the Trustee remains a party with pending claims. As a result, the Court abated the Expedited Joint Motion to Enter Agreed Judgment, pending further submission by us and Bennu.

On October 14, 2015, we entered into a Stipulation of Settlement and Release with the Trustee, Bennu and CS, as agent to the DIP Lenders (Adv. Dkt. No. 270, 271). Pursuant to the Stipulation, in exchange for a cash payment of $335,000 and a $3.0 million reduction/credit on the outstanding indebtedness owed by ATP to CS, the Trustee agreed (i) to dismiss any and all claims against us with prejudice, (ii) to release us from any and all claims of any nature; and (iii), among other things, that he shall not contest that the ORRIs are a real property interest and a "production payment" within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code, and that the ORRIs are not and never were property of ATP's bankruptcy estate. The Trustee is deemed to have transferred to CS any rights he holds in section 549 claims, and CS and the

DIP Lenders are, in turn, releasing us from such claims. In exchange for the agreements of the Trustee and CS, we agreed to prosecute a motion to dismiss our claims against the Trustee without prejudice. Our separate Settlement and Release Agreement with Bennu remains in effect, and we have released CS and the DIP Lenders from any claims relating to the ORRIs and our transaction documents, including the Acts of Subordination. On December 14, 2015, the Court entered its order approving the Stipulation, and it dismissed the Trustee's claims with prejudice. On December 16, 2015, we filed a Motion to Dismiss Claims Against ATP Without Prejudice, and our Motion for Agreed Judgment was reset. On February 4, 2016, our Motion for Agreed Judgment was granted, and an Agreed Final Judgment [Adv. Dkt. No. 276] was entered determining that, among other things, the ORRIs are a real property interest and a "production payment" within the meaning of Sections 101(42A) and 541(b) of the United States Bankruptcy Code. Likewise, our Motion to Dismiss Claims Against ATP Without Prejudice was granted The Agreed Judgment resolves Phase 1 of the Adversary Proceeding and should not negatively affect our rights in Phase 2, which should principally relate to the statutory lien claims and the proper calculation regarding the royalty payments necessary to cause termination of the ORRIs.

On February 3, 2016, we filed our Amended Motion to Dismiss the Complaints in Intervention Filed by the Statutory Lien Claimants [Adv. Dkt. No. 274]. And, on February 4, 2016, the Court set a briefing schedule and a hearing date of March 24, 2016 on our Amended Motion to Dismiss. We also filed a Motion to Withdraw the Reference of the Phase II Claims from the Bankruptcy Court to the District Court [Adv. Dkt. No. 278].

Through December 31, 2015 , we received post-petition royalty payments from the Gomez properties and the Telemark properties in the amount of $8.3 million and $27.1 million , respectively. It is estimated that the statutory lien claims asserted by intervenors in the Adversary Proceeding against our ORRIs are in the principal amount of approximately $35.2 million. At this time, we estimate that there are potential statutory lien claims (including the claims of the intervenors in the Adversary Proceeding, without regard to the validity of such claims) in the principal amount of approximately $54.2 million. We have or will assert that we have viable defenses with respect to all of the claims of the statutory lien claimants or any other claim which seeks to avoid or disgorge any pre-petition or post-petition royalty payment which we received in respect of the Telemark or Gomez properties. In the event we do not prevail on our defenses to the statutory lien claims or any other claim seeking to avoid or disgorge pre-petition or post-petition royalty payments, we contend that, pursuant to the terms of our transaction documents, we are entitled to include any amounts disgorged on account of any such claims into the unrecovered investment balance of our ORRIs. Moreover, to the extent we do not prevail on our defenses to any action brought by the holder of a statutory lien claim, we contend that we would be permitted to seek contribution from other ORRI and net profits interest holders with respect to any disgorged amounts.

However, in the event our defenses to the claims of the statutory lien claimants are unsuccessful or we otherwise become liable for disgorgement of any pre-petition or post-petition royalty payments which we have received from either the Gomez or Telemark properties, the remaining oil and gas reserves associated with the Telemark properties may be insufficient to provide for a full recovery on our investment. In the event that it is determined that we are not entitled to include amounts disgorged on account of statutory lien claims or other claims, if any, into the unrecovered investment balance of our ORRIs, any disgorged amounts will result in a failure to achieve our anticipated return and/or a loss on our investment.

While we intend to vigorously defend our legal positions in the Adversary Proceeding, there can be no assurance that we will ultimately prevail in any or all of these matters.

Note 8: Dividends and Distributions

We declared dividends for the year ended December 31, 2015 and December 31, 2014 totaling $9.7 million , or $0.48 per share, and $13.2 million, or $0.64 per share, respectively. The tax characteristics of deemed distributions in 2015 represented $11.0 million from ordinary income, none from return of capital and none from capital gains. The tax characteristics of deemed distributions in 2014 represented $7.1 million from ordinary income, $3.5 million from return of capital and none from capital gains. For tax purposes, 15% of the $2.4 million dividend declared in December 2015 and paid on January 8, 2016 was deemed to be distributed in 2015 and 85% was deemed to be distributed in 2016. Also, the $3.3 million dividend declared in December 2014 and paid on January 9, 2015 was deemed to be distributed in 2015 for tax purposes.

The following table summarizes the differences between financial statement net increase in net assets resulting from operations and taxable income available for distribution to stockholders for the years ended December 31, 2015 , 2014 and 2013 (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net increase (decrease) in net assets resulting from operations	$ (31,222)	$ (22,231)	$ 3,870
Adjustments:			
Net change in unrealized (appreciation) depreciation, net of income tax (benefit) provision	40,973	12,999	6,445
Net amortization of insurance premiums	—	727	—
Net revenue, income and expenses from Taxable Subsidiaries	(472)	(92)	34
Realized (gain) loss of Taxable Subsidiaries	441	252	(1,575)
Realized (gain) loss offset by capital loss carryforwards	(222)	12,175	3,783
Defaulted loan interest	2,209	1,055	—
Costs related to strategic alternatives review	(615)	1,947	—
Income from investment in Passive Foreign Investment Company	(96)	96	—
Reclassification of capital loss on closed options	—	—	245
Allowance for uncollectible interest and dividends	—	115	(400)
State taxes, tax penalty, interest and fees	(26)	49	46
Income tax (benefit) provision	6	2	52
Other	(3)	—	2
Taxable income available for distribution to stockholders	10,973	7,094	12,502
Less:			
Dividends declared	9,736	13,157	13,203
Dividends payable at prior year end	3,299	3,280	3,363
Dividends payable at current year end	(2,421)	(3,299)	(3,280)
Current year IRC Section 852(b)(7) dividend payable	359	—	2,579
Prior year IRC Section 852(b)(7) dividend payable	—	(2,579)	(3,363)
Current year deemed distributions	10,973	10,559	12,502
Over distribution	$ —	$ (3,465)	$ —

As of December 31, 2015 , the components of net assets (excluding paid in capital) on a tax basis consisted of a $5.9 million undistributed net investment loss and net unrealized depreciation on portfolio investments of $65.4 million . As of December 31, 2015 , we had long-term and short-term capital loss carryforwards of $36.7 million and $0.6 million , respectively, which do not expire. In addition, we have a $22.4 million remaining capital loss carryforward balance generated in the year ended December 31, 2010, that expires in 2018, for a total remaining capital loss carryforward of $59.7 million at December 31, 2015 . At December 31, 2015 , the aggregate cost of total portfolio investments for federal income tax purposes was $279.4 million , resulting in gross unrealized appreciation of $1.4 million and gross unrealized depreciation of $71.0 million . The difference between cost of investments for book and tax amounts for federal income tax purposes was due primarily to timing differences in recognizing certain gains and losses on investment transactions.

Note 9: Reclassifications

GAAP requires adjustments to certain components of net assets to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on total net assets or net asset value per share. These reclassifications are primarily due to reclassification of the distribution of dividends paid, non-deductible meal expenses, income and expenses from wholly owned subsidiaries, amortization of insurance premiums, costs related to strategic alternatives review and tax basis adjustments for investments sold. The table below summarizes the reclassifications from undistributed net investment income (loss), undistributed net realized capital gain (loss), and paid-in capital in excess of par for the years ended December 31, 2015, 2014, and 2013 (in thousands):

Year	Undistributed Net Investment Income (Loss)	Undistributed Net Realized Capital Gain (Loss)	Paid-in Capital in Excess of Par
2015	$ (1,615)	$ 1,678	$ (63)
2014	5,978	(1,693)	(4,285)
2013	1,716	(1,767)	51

Note 10: Fair Value

Our investments consisted of the following as of December 31, 2015 and 2014:

	December 31, 2015				December 31, 2014			
(Dollar amounts in thousands)	**Cost**	**% of total**	**Fair Value**	**% of total**	**Cost**	**% of total**	**Fair Value**	**% of total**
Portfolio investments								
First lien secured debt	$ 22,150	8.1%	$ 3,340	1.7%	$ 25,929	11.3%	$ 11,270	5.4%
Second lien debt	73,791	26.9%	69,508	33.1%	42,650	18.5%	41,410	20.0%
Subordinated debt	47,517	17.3%	37,836	18.0%	36,304	15.8%	35,620	17.2%
Limited term royalties	27,709	10.1%	11,845	5.6%	26,767	11.6%	23,700	11.5%
Royalty interests	—	—%	—	—%	52	—%	371	0.2%
Redeemable preferred units	51,273	18.7%	43,939	21.0%	50,021	21.7%	54,906	26.6%
CLO residual interests	6,327	2.3%	5,659	2.7%	7,014	3.0%	7,110	3.5%
Equity securities								
Membership and partnership units	10,500	3.8%	2,583	1.2%	10,500	4.6%	1,730	0.8%
Common stock	—	—%	—	—%	419	0.2%	—	—%
Warrants	—	—%	—	—%	91	—%	46	—%
Total equity securities	10,500	3.8%	2,583	1.2%	11,010	4.8%	1,776	0.8%
Total portfolio investments	239,267	87.2%	174,710	83.3%	199,747	86.7%	176,163	85.2%
Government securities								
U.S. Treasury Bills	34,997	12.8%	34,997	16.7%	30,600	13.3%	30,600	14.8%
Total investments	$ 274,264	100.0%	$ 209,707	100.0%	$ 230,347	100.0%	$ 206,763	100.0%

ASC 820 defines fair value as the price that a seller would receive for an asset or pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date. The fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes the use of observable market inputs over unobservable entity-specific inputs. In accordance with ASC 820, we categorize our investments based on the inputs to our valuation methodologies as follows:

- *Level 1* — Quoted unadjusted prices for identical instruments in active markets to which we have access at the date of measurement.

- *Level 2* — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.

- *Level 3* — Model-derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect our own assumptions regarding what market participants would use to price the asset or liability based on the best available information.

Fair value accounting classifies financial assets and liabilities in their entirety based on the lowest level of input that is significant to the estimated fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment that may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels. We did not have any liabilities measured at fair value at December 31, 2015 or December 31, 2014.

During 2015 and 2014, none of our investments in portfolio companies changed between the categories of Control Investments, Affiliate Investments and Non-Affiliate Investments, and there were no transfers between Levels 3, 2 or 1. The following tables set forth our financial assets by level within the fair value hierarchy that we accounted for at fair value as of December 31, 2015 and 2014 (in thousands):

December 31, 2015	Total	Level 1	Level 2	Level 3
Portfolio investments				
Control investments				
First lien secured debt	$ 1,000	$ —	$ —	$ 1,000
Total control investments	1,000	—	—	1,000
Affiliate investments				
Subordinated debt	16,310	—	—	16,310
Equity securities	2,583	—	—	2,583
Total affiliate investments	18,893	—	—	18,893
Non-affiliate investments				
First lien secured debt	2,340	—	—	2,340
Second lien debt	69,508	—	48,154	21,354
Subordinated debt	21,526	—	13,606	7,920
Limited term royalties	11,845	—	—	11,845
Redeemable preferred units	43,939	—	—	43,939
CLO residual interests	5,659	—	5,659	—
Total non-affiliate investments	154,817	—	67,419	87,398
Total portfolio investments	174,710	—	67,419	107,291
Government securities				
U.S. Treasury Bills	34,997	34,997	—	—
Total investments	$ 209,707	$ 34,997	$ 67,419	$ 107,291

December 31, 2014	Total	Level 1	Level 2	Level 3
Portfolio investments				
Control investments				
First lien secured debt	$ 5,950	$ —	$ —	$ 5,950
Royalty interests	325	—	—	325
Total control investments	6,275	—	—	6,275
Affiliate investments				
Subordinated debt	15,700	—	—	15,700
Equity securities	1,730	—	—	1,730
Total affiliate investments	17,430	—	—	17,430
Non-affiliate investments				
First lien secured debt	5,320	—	—	5,320
Second lien debt	41,410	—	19,575	21,835
Subordinated debt	19,920	—	10,920	9,000
Limited term royalties	23,700	—	—	23,700
Redeemable preferred units	54,906	—	—	54,906
CLO residual interests	7,110	—	7,110	—
Royalty interests	46	—	—	46
Equity securities	46	—	—	46
Total non-affiliate investments	152,458	—	37,605	114,853
Total portfolio investments	176,163	—	37,605	138,558
Government securities				
U.S. Treasury Bills	30,600	30,600	—	—
Total investments	$ 206,763	$ 30,600	$ 37,605	$ 138,558

The following table presents a roll-forward of the changes in fair value during the years ended December 31, 2015 and 2014 for all investments for which we determine fair value using unobservable (Level 3) factors (in thousands):

	First Lien Secured Debt and Limited Term Royalties	Second Lien Debt	Subordinated Debt and Redeemable Preferred Units	Royalty Interests, Contingent Earn-out and Equity Securities	Total Investments
Fair value at December 31, 2013	$ 64,449	$ 31,747	$ 77,099	$ 8,602	$ 181,897
Total gains, (losses) and amortization:					
Net realized gains (losses)	—	—	(9,382)	(3,350)	(12,732)
Net unrealized gains (losses)	(18,642)	(1,815)	11,468	(1,740)	(10,729)
Net amortization of premiums, discounts and fees	770	383	59	(15)	1,197
New investments, repayments and settlements, net:					
New investments	3,093	9,850	—	—	12,943
Payment-in-kind	418	307	432	—	1,157
Repayments and settlements	(15,118)	(18,637)	(70)	(1,350)	(35,175)
Fair value at December 31, 2014	34,970	21,835	79,606	2,147	138,558
Total gains, (losses) and amortization:					
Net realized gains (losses)	—	—	—	199	199
Net unrealized gains (losses)	(16,949)	(3,123)	(14,180)	998	(33,254)
Net amortization of premiums, discounts and fees	134	275	68	—	477
New investments, repayments and settlements, net:					
New investments	4,683	21,566	800	—	27,049
Payment-in-kind	710	84	1,875	—	2,669
Repayments and settlements	(8,363)	(19,283)	—	(761)	(28,407)
Fair value at December 31, 2015	$ 15,185	$ 21,354	$ 68,169	$ 2,583	$ 107,291
Net change in unrealized gains (losses) from investments still held as of reporting date:					
December 31, 2015	$ (16,949)	$ (3,123)	$ (14,180)	$ 998	$ (33,254)
December 31, 2014	(18,089)	(1,494)	2,087	(881)	(18,377)

We present net unrealized gains (losses) on our Consolidated Statements of Operations as “Net unrealized appreciation (depreciation) on investments.”

The following table summarizes the significant unobservable inputs in the fair value measurements of our Level 3 investments by category of investment and valuation technique as of December 31, 2015 (fair value in thousands):

Type of Investment		Fair Value	Valuation Technique	Significant Unobservable Inputs	Range of Inputs	Weighted Average
Non-Energy Investments:						
First lien secured debt	$	2,340	Market comparables	Market yields	8.3%	8.3%
Second lien debt		12,314	Market comparables	Market yields	11.2%	11.2%
Subordinated Debt		24,230	Market comparables	Market yields	17.2% - 20.0%	18.1%
Equity securities		2,583	Market comparables	EBITDA multiples	6.0x	6.0x
		41,467				
Energy Investments:						
First lien secured debt and limited term royalties		12,845	Discounted cash flow	Discount rate	30.5%	30.5%
Second lien debt		9,040	Market comparables	Market yields	30.0%	30.0%
				Reserve multiples	$6.00-$9.00 (1)	$7.50
				Production multiples	$24.00-$36.00 (2)	$30.00
Redeemable preferred units		43,939	Discounted cash flow	Discount rate	69.6%	69.6%
		65,824				
Total Level 3 investments	$	107,291				

(1) Based on recent comparable transactions involving similar assets, expressed as price per unit of equivalent barrel of oil in proved reserves.
(2) Based on recent comparable transactions involving similar assets, expressed as price per daily production of equivalent barrel of oil in proved reserves.

Note 11: Commodity Derivative Instruments

We use commodity derivative instruments from time to time to manage our exposure to commodity price fluctuations. We use all of our derivatives for risk management purposes and do not hold any amounts for speculative or trading purposes. These contracts generally consist of options contracts on underlying commodities. We do not designate these instruments as hedging instruments for financial accounting purposes and, as a result, we recognize the change in the instruments' fair value currently on the Consolidated Statement of Operations as net increase (decrease) in unrealized appreciation (depreciation) on investments. The realized gains (losses) on commodity derivatives consist of payments received on favorable expired options less the cost of all expired positions, and we recognized these gains or losses in investment income.

In 2011, we acquired a limited term overriding royalty interest from ATP and on December 29, 2011, we purchased a series of oil put options, covering 141,376 barrels of oil at a strike price of $65 per barrel, expiring in July 2012 through September 2013, to provide insurance against downside price movements. These commodity derivative instruments fully expired in September 2013.

The components of gains (losses) on commodity derivative instruments are as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Unrealized gains (losses) on commodity derivatives	$ —	$ —	$ 236
Realized losses on commodity derivatives	—	—	(245)
Net losses on commodity derivative instruments	$ —	$ —	$ (9)

Note 12: Financial Highlights

	Year Ended December 31,				
Per Share Data [1]	**2015**	**2014**	**2013**	**2012**	**2011**
Net asset value, beginning of period	$ 7.48	$ 9.20	$ 9.57	$ 9.26	$ 10.90
Net investment income	0.49	0.16	0.61	0.55	0.73
Net realized and unrealized gain (loss) on investments [2]	(2.03)	(1.24)	(0.42)	0.26	(1.65)
Net increase (decrease) in net assets resulting from operations	(1.54)	(1.08)	0.19	0.81	(0.92)
Distributions to common stockholders					
Distributions from net investment income	(0.48)	(0.47)	(0.64)	(0.57)	(0.72)
Return of capital	—	(0.17)	—	—	—
Net decrease in net assets from distributions	(0.48)	(0.64)	(0.64)	(0.57)	(0.72)
Effect of shares repurchased, gross	0.03	—	0.08	0.07	—
Net asset value, end of period	$ 5.49	$ 7.48	$ 9.20	$ 9.57	$ 9.26
Market value, beginning of period	$ 4.69	$ 7.47	$ 7.22	$ 7.19	$ 9.20
Market value, end of period	$ 3.80	$ 4.69	$ 7.47	$ 7.22	$ 7.19
Market value return [3]	(10.7)%	(30.2)%	12.9%	8.4%	(14.6)%
Net asset value return [3]	(19.1)%	(9.7)%	4.9%	11.5%	(7.1)%
Ratios and Supplemental Data					
($ and shares in thousands)					
Net assets, end of period	$ 110,780	$ 154,164	$ 188,552	$ 201,266	$ 200,266
Average net assets	$ 143,394	$ 176,556	$ 192,392	$ 202,519	$ 217,996
Common shares outstanding, end of period	20,172	20,616	20,499	21,020	21,628
Total operating expenses/average net assets [4]	8.3 %	1.8 %	6.5%	5.8%	7.3 %
Net investment income/average net assets [4][6]	7.0 %	34.2 %	43.6%	47.3%	60.9 %
Portfolio turnover rate	26.7 %	10.7 %	7.9%	5.7%	5.5 %
Net decrease in net assets resulting from operations/average net assets [4][6]	(21.8)%	(12.6)%	2.0%	8.6%	(9.1)%
Expense Ratios (as a percentage of average net assets) [4]					
Interest expense and bank fees	2.4 %	1.2 %	1.7%	1.0%	0.7 %
Management and incentive fees	2.8 %	2.6 %	3.1%	2.3%	2.5 %
Costs related to strategic alternatives review	— %	3.4 %	0.3%	—%	— %
Other operating expenses [4][6]	3.2 %	3.5 %	2.8%	2.4%	2.3 %
Total operating expenses [4][6]	8.4 %	10.7 %	7.9%	5.7%	5.5 %

(1) Per Share Data is based on weighted average number of common shares outstanding for the period.

(2) May include a balancing amount necessary to reconcile the change in net asset value per share with other per share information presented. This amount may not agree with the aggregate gains and losses for the period because the difference in the net asset value at the beginning and end of the period may not equal the per share changes of the line items disclosed.

(3) Return calculations assume reinvestment of dividends.

(4) Net of legal fee reimbursements of $0.5 million, $1.6 million and $3.2 million in 2015, 2014 and 2013, respectively. Excluding these legal fee reimbursements, other operating expense ratio and total operating expense ratios would have been 3.7% and 8.9%, respectively, for the year ended December 31, 2015, 4.4% and 11.6%, respectively, for the year ended December 31, 2014 and 4.8% and 9.6%, respectively, for the year ended December 31, 2013.

(5) On September 30, 2014, Oak Hill Advisors, L.P. replaced NGP Investment Advisor, LP as our investment advisor.

(6) For the year ended December 31, 2015, we applied a credit to our expenses of $0.5 million from OHA related to expenses in excess of the Cap under the Investment Advisory Agreement and the Administration Agreement. Excluding this credit, the net investment ratio would have been 6.6%, the net decrease in net assets resulting from operations ratio would have been (22.1)%, the other operating expenses ratio would have been 3.5% and the total operating expenses ratio would have been 8.7%.

Note 13: Selected Quarterly Financial Data (unaudited)

	Investment Income		Net Investment Income (Loss)		Net Realized and Unrealized Gain (Loss) on Investments		Net Increase (Decrease) in Net Assets Resulting from Operations	
Quarter Ended	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**	**Total**	**Per Share**
	(In thousands, except per share amounts)							
March 31, 2014	5,858	0.29	1,914	0.09	(8,293)	(0.40)	(6,379)	(0.31)
June 30, 2014	5,513	0.27	1,472	0.08	(1,504)	(0.08)	(32)	—
September 30, 2014	5,573	0.27	(2,788)	(0.14)	(3,291)	(0.16)	(6,079)	(0.30)
December 31, 2014	5,175	0.25	2,600	0.13	(12,341)	(0.60)	(9,741)	(0.47)
March 31, 2015	4,816	0.23	2,169	0.11	(4,054)	(0.20)	(1,885)	(0.09)
June 30, 3015	5,914	0.29	2,498	0.12	(2,982)	(0.15)	(484)	(0.02)
September 30, 2015	5,088	0.25	2,081	0.10	(8,728)	(0.43)	(6,647)	(0.33)
December 31, 2015	6,231	0.31	3,221	0.16	(25,427)	(1.26)	(22,206)	(1.10)

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act), designed to ensure that information required to be disclosed in our reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and accumulated and communicated to management, including our Chief Executive Officer and our Chief Financial Officer, to allow timely decisions regarding required disclosures.

In connection with the preparation of this Annual Report on Form 10-K, as of the end of the fiscal period covered by this Annual Report on Form 10-K (December 31, 2015), we performed an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2015, our disclosure controls and procedures were effective in providing reasonable assurance (i) that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and (ii) that such information is accumulated and communicated to management in a manner that allows timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of 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 financial statements for external purposes in accordance with generally accepted accounting principles. Our 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 our assets; (2) provide reasonable assurance that we record transactions as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are in accordance with authorizations of management and our Board of Directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent misstatements or detect misstatements on a timely basis. 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 and procedures may deteriorate.

Management has evaluated the effectiveness of its internal control over financial reporting as of December 31, 2015. In making its assessment of internal control over financial reporting, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commissions (COSO) in *Internal Control — Integrated Framework* . Based on the results of this evaluation, management has determined that, as of December 31, 2015, our internal control over financial reporting is effective based on the criteria in *Internal Control — Integrated Framework* issued by COSO.

Our independent registered public accounting firm that has audited our financial statements has also audited the effectiveness of our internal control over financial reporting as of December 31, 2015, as stated in their report included herein.

Changes in Internal Control Over Financial Reporting

No changes to our internal control over financial reporting occurred during the quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We hereby incorporate by reference the information required by Item 10 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2016 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2015.

Code of Ethics

We have adopted a code of business conduct and ethics applicable to our directors, officers (including our principal executive officer, principal compliance officer and principal financial officer) and employees of OHA performing regular functions or duties for us. In addition, we have adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to such code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. Copies of our code of business conduct and ethics and our code of ethics will be provided to any person, without charge, upon request. Contact our Chief Compliance Officer at 212-852-1900 to request a copy or send the request to OHA Investment Corporation, Attn: Chief Compliance Officer, 1114 Avenue of the Americas, 27 th Floor, New York, New York, 10036. Additionally, our code of business conduct and ethics is available on our corporate website, *www.ohainvestmentcorporation.com* , on the Corporate Governance page in the Investor Relations section. If any substantive amendments are made to our code of business conduct and ethics or if we grant any waiver, including any implicit waiver, from a provision of the code to any of our executive officers and directors, we will disclose the nature of such amendment or waiver in a report on Form 8-K.

Item 11. Executive Compensation

We hereby incorporate by reference the information required by Item 11 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2016 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2015.

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

We hereby incorporate by reference the information required by Item 12 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2016 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2015.

Item 13. Certain Relationships and Related Transactions

We hereby incorporate by reference the information required by Item 13 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2016 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2015.

Item 14. Principal Accountant Fees and Services

We hereby incorporate by reference the information required by Item 14 of Form 10-K from the information appearing in our definitive Proxy Statement relating to our 2016 annual meeting of stockholders, which will be filed pursuant to Regulation 14A within 120 days after our fiscal year ended December 31, 2015.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) We are filing the following documents as a part of this Annual Report on Form 10-K:

(a) Financial Statements

(2) Financial Statement Schedules

(b) Exhibits required to be filed by Item 601 of Regulation S-K

See “Index to Exhibits” following the signature page for a description of the exhibits filed as part of this Annual Report on Form 10-K.

Schedule 12 – 14

OHA INVESTMENT CORPORATION
SCHEDULE OF INVESTMENTS IN AND ADVANCES TO AFFILIATES [(1)]
December 31, 2015
(In Thousands)

Portfolio Company	Investment [(2)]	Year Ended December 31, 2015 Amount of Interest or Royalties Credited to Income [(3)]	December 31, 2014 Fair Value	Gross Additions [(4)]	Gross Reductions [(5)]	December 31, 2015 Fair Value
Control Investments						
Contour Highwall Holdings, LLC	Term Loan	$ —	$ 4,500	$ —	$ (3,500)	$ 1,000
	Promissory Note	—	—	800	(800)	$ —
	Membership Units	—	—	—	—	—
Spirit Resources, LLC	Tranche A Term Loan	—	1,450	—	(1,450)	—
	Tranche B Term Loan	—	—	—	—	—
	Preferred Units	—	—	—	—	—
	Overriding Royalty Interests	30	325	—	(325)	—
Subtotal Control Investments		$ 30	$ 6,275	$ 800	$ (6,075)	$ 1,000
Affiliate Investments						
OCI Holdings, LLC	Subordinated Note	$ 2,722	$ 15,700	$ 660	$ (50)	$ 16,310
	OHA/OCI Investments, LLC Units	—	1,730	853	—	2,583
Subtotal Affiliate Investments		$ 2,722	$ 17,430	$ 1,513	$ (50)	$ 18,893
Total Control Investments and Affiliate Investments		$ 2,752	$ 23,705	$ 2,313	$ (6,125)	$ 19,893

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(1) This schedule should be read in conjunction with our Consolidated Financial Statements for the year ended December 31, 2015.

(2) Warrants, units and common stock are generally non-income producing and restricted. The principal amount for debt, number of shares of common stock or number, or percentage of, units is shown in the Consolidated Schedule of Investments as of December 31, 2015.

(3) Represents the total amount of interest, dividends or royalties, net of amortization, credited to income for the portion of the year an investment was included in our Control Investments or Affiliate Investments categories, as applicable.

(4) Gross additions include increases in investments resulting from new portfolio company investments, payment-in-kind interest and the amortization of discounts or fees. Gross additions also include net increases in unrealized appreciation or net decreases in unrealized depreciation.

(5) Gross reductions include decreases in the cost basis resulting from principal collections related to investment repayments, sales or write-offs. Gross reductions also include increases in net unrealized depreciation or net decreases in unrealized appreciation.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

OHA INVESTMENT CORPORATION

By: /s/ STEVEN T. WAYNE
Steven T. Wayne
President and Chief Executive Officer

Date: March 15, 2016

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. This document may be executed by the signatories hereto on any number of counterparts, all of which constitute one and the same instrument.

Signature	Title	Date
/s/ STEVEN T. WAYNE Steven T. Wayne	President and Chief Executive Officer (Principal Executive Officer)	March 15, 2016
/s/ CORY E. GILBERT Cory E. Gilbert	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	March 15, 2016
/s/ GLENN R. AUGUST Glenn R. August	Director and Chairman of the Board	March 15, 2016
/s/ ALAN M. SCHRAGER Alan M. Schrager	Director	March 15, 2016
/s/ STUART I. ORAN Stuart I. Oran	Director	March 15, 2016
/s/ JAMES A. STERN James A. Stern	Director	March 15, 2016
/s/ FRANK V. TANNURA Frank V. Tannura	Director	March 15, 2016

INDEX TO EXHIBITS

Exhibit No.	Exhibit
3.1	Articles of Incorporation (filed as Exhibit (a)(1) to our Registration Statement on Form N-2 filed on August 16, 2004 (Registration No. 333-118279) and incorporated herein by reference)
3.2	Articles of Amendment and Restatement (filed as Exhibit 3.2 to our Annual Report on Form 10-K filed on April 12, 2005 and incorporated herein by reference)
3.3*	Second Amended and Restated Bylaws
4.1	Form of Stock Certificate (filed as Exhibit 4.1 to our Annual Report on Form 10-K filed on March 12, 2015 and incorporated herein by reference)
4.2	Dividend Reinvestment Plan (filed as Exhibit 4.2 to our Annual Report on Form 10-K filed on March 12, 2015 and incorporated herein by reference)
10.1	Stock Purchase and Transaction Agreement dated as of July 21, 2014 by and among Registrant, OHA BDC Investor, LLC and Oak Hill Advisors, L.P. (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on July 21, 2014, and incorporated herein by reference)
10.2	Investment Advisory Agreement, dated September 30, 2014, between OHA Investment Corporation and Oak Hill Advisors, L.P. (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 2, 2014, and incorporated herein by reference)
10.3	Administration Agreement dated September 30, 2014, between OHA Investment Corporation and Oak Hill Advisors, L.P. (filed as Exhibit 10.2 to our Current Report on Form 8-K filed on October 2, 2014, and incorporated herein by reference)
10.4	Form of Indemnity Agreement between the Registrant and the directors and officers of the Registrant (filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on November 7, 2014 and incorporated herein by reference)
10.5	Custody Agreement between Registrant and Wells Fargo Bank, N.A. (filed as Exhibit (j)(1) to our Registration Statement on Form N-2 filed on October 15, 2007 (Registration No. 333-146715) and incorporated herein by reference)
10.6	Amendment No. 1 to Custody Agreement between Registrant and Wells Fargo Bank, N.A. (filed as Exhibit (j)(2) to our Pre-Effective Amendment No. 1 to Registration Statement on Form N-2 filed on September 24, 2004 (Registration No. 333-118279) and as Exhibit 10.8 to our Annual Report on Form 10-K filed on March 13, 2008 and incorporated herein by reference)
10.7	Amendment No. 2 to Custody Agreement between Registrant and Wells Fargo Bank, N.A. (filed as Exhibit 10.9 to our Annual Report on Form 10-K filed on March 13, 2008 and incorporated herein by reference)
10.8	Amendment No. 3 to Custody Agreement dated as of February 28, 2011, between Registrant and Wells Fargo Bank, N.A. (filed as Exhibit (j)(4) to our Amendment No. 1 Registration Statement on Form N-2 filed on April 28, 2011 (Registration No. 333-160923) and incorporated herein by reference)
10.9	Third Amended and Restated Revolving Credit Agreement effective as of May 23, 2013, between Registrant, the lenders from time to time party thereto and SunTrust Bank and Comerica Bank (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on May 23, 2013 and incorporated herein by reference)
10.10	First Amendment to the Third Amended and Restated Revolving Credit Agreement dated as of September 29, 2014, between Registrant, the lenders from time to time party thereto and SunTrust Bank, as administrative agent (filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on November 7, 2014 and incorporated herein by reference)
10.11	Treasury Secured Revolving Credit Agreement effective as of March 31, 2011, between Registrant, the lenders from time to time party thereto and SunTrust Bank (filed as Exhibit 10.1 to our Current Report on Form 8-K filed on April 6, 2011 and incorporated herein by reference)
10.12	Consent and First Amendment to Treasury Secured Revolving Credit Agreement effective as of March 30, 2012, between Registrant, the lenders from time to time party thereto and SunTrust Bank (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 10, 2012 and incorporated herein by reference)
10.13	Second Amendment to Treasury Secured Revolving Credit Agreement effective as of September 25, 2012, between Registrant, the lenders from time to time party thereto and SunTrust Bank (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 8, 2012 and incorporated herein by reference)
10.14	Third Amendment to Treasury Secured Revolving Credit Agreement effective as of May 23, 2013, between Registrant, the lenders from time to time party thereto and Sun Trust Bank (filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on November 7, 2013 and incorporated herein by reference)

10.15	Fourth Amendment to Treasury Secured Revolving Credit Agreement effective as of September 24, 2013, between Registrant, the lenders from time to time party thereto and Sun Trust Bank (filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on November 7, 2013 and incorporated herein by reference)
10.16	Consent, Waiver and Fifth Amendment to Treasury Secured Revolving Credit Agreement effective as of September 24, 2013, between Registrant, the lenders from time to time party thereto and Sun Trust Bank (filed as Exhibit 10.5 to our Quarterly Report on Form 10-Q filed on November 7, 2014 and incorporated herein by reference)
10.17	Amendment No. 4 to Custody Agreement, dated July 12, 2011, among NGP Capital Resources Company and Wells Fargo Bank, N.A., as the custodian (filed as Exhibit 10.17 to our Quarterly Report on Form 10-Q filed on August 6, 2015 and incorporated herein by reference)
10.18	Security Procedure Agreement, dated January 23, 2015, by and between OHA Investment Corporation and Wells Fargo Bank, National Association (filed as Exhibit 10.18 to our Quarterly Report on Form 10-Q filed on August 6, 2015 and incorporated herein by reference)
10.19	Amendment to Security Procedure Agreement, dated June 18, 2015, by and between OHA Investment Corporation and Wells Fargo Bank, National Association (filed as Exhibit 10.19 to our Quarterly Report on From 10-Q filed on August 6, 2015 and incorporated herein by reference)
14.1*	Code of Business Conduct and Ethics
14.2*	Code of Ethics adopted October 15, 2015
21.1*	Subsidiaries
31.1*	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Executive Officer
31.2*	Certification required by Rule 13a-14(a)/15d-14(a) by the Chief Financial Officer
32.1*	Section 1350 Certification by the Chief Executive Officer
32.2*	Section 1350 Certification by the Chief Financial Officer

* Filed herewith.

NGP CAPITAL RESOURCES COMPANY

SECOND AMENDED AND RESTATED BYLAWS

As Adopted on April 17, 2014

ARTICLE I

OFFICES

SECTION 1. Principal Office. The principal office of NGP Capital Resources Company (the "Corporation") in the State of Maryland shall be located at such place as the Board of Directors may designate.

SECTION 2. Additional Offices. The Corporation may have additional offices, including a principal executive office, at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

SECTION 1. Place. All meetings of stockholders shall be held at the principal executive office of the Corporation or at such other place as shall be set by the Board of Directors and stated in the notice of the meeting.

SECTION 2. Annual Meeting. The Corporation shall hold an annual meeting of its stockholders to elect directors and to transact any other business within its powers, on such date, and at such time as the Board of Directors shall fix. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid corporate act.

SECTION 3. SPECIAL MEETINGS.

(a) General. The chairman of the board, the president, the chief executive officer or the Board of Directors may call a special meeting of the stockholders. Subject to subsection (b) of this Section 3, a special meeting of stockholders shall also be called by the secretary of the Corporation upon the written request of stockholders entitled to cast not less than a majority of all the votes entitled to be cast at such meeting.

(b) Stockholder Requested Special Meetings. (1) Any stockholder of record seeking to have stockholders request a special meeting shall, by sending written notice to the secretary (the "Record Date Request Notice") by registered mail, return receipt requested, request the Board of Directors to fix a record date to determine the stockholders entitled to request a special meeting (the "Request Record Date"). The Record Date Request Notice shall set forth the purpose of the meeting and the matters proposed to be acted on at it, shall be signed by one or more stockholders of record as of the date of signature (or their agents duly authorized in a writing accompanying the Record Date Request Notice), shall bear the date of signature of each such stockholder (or such agent) and shall set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Upon receiving the Record Date Request Notice, the Board of Directors may fix a Request Record Date. The Request Record Date shall not precede and shall not be more than ten days after the close of business on the date on which the resolution fixing the Request Record Date is adopted by the Board of Directors. If the Board of Directors, within ten days after the date on which a valid Record Date Request Notice is received, fails to adopt a resolution fixing the Request Record Date, the Request Record Date shall be the close of business on the tenth day after the first date on which the Record Date Request Notice is received by the secretary.

(2) In order for any stockholder to request a special meeting, one or more written requests for a special meeting signed by stockholders of record (or their agents duly authorized in a writing accompanying the request) as of the Request Record Date entitled to cast not less than a majority (the "Special Meeting Percentage") of all of the votes entitled to be cast at such meeting (the "Special Meeting Request") shall be delivered to the secretary. In addition, the Special Meeting Request (a) shall set forth the purpose of the meeting and the matters proposed to be acted on at it (which shall be limited to those lawful matters set forth in the Record Date Request Notice received by the secretary), (b) shall bear the date of signature of each such stockholder (or such agent) signing the Special Meeting Request, (c) shall set forth the name and address, as they appear in the Corporation's books, of each

stockholder signing such request (or on whose behalf the Special Meeting Request is signed) and the class, series and number of all shares of stock of the Corporation which are owned by each such stockholder, and the nominee holder for, and number of, shares owned by such stockholder beneficially but not of record, (d) shall be sent to the secretary by registered mail, return receipt requested, and (e) shall be received by the secretary within 60 days after the Request Record Date. Any requesting stockholder (or agent duly authorized in a writing accompanying the revocation or the Special Meeting Request) may revoke his, her or its request for a special meeting at any time by written revocation delivered to the secretary.

(3) The secretary shall inform the requesting stockholders of the reasonably estimated cost of preparing and mailing the notice of meeting (including the Corporation's proxy materials). The secretary shall not be required to call a special meeting upon stockholder request and such meeting shall not be held unless, in addition to the documents required by paragraph (2) of this Section 3(b), the secretary receives payment of such reasonably estimated cost prior to the mailing of any notice of the meeting.

(4) Except as provided in the next sentence, any special meeting shall be held at such place, date and time as may be designated by the chairman of the board, the president, the chief executive officer or the Board of Directors, whoever has called the meeting. In the case of any special meeting called by the secretary upon the request of stockholders (a "Stockholder Requested Meeting"), such meeting shall be held at such place, date and time as may be designated by the Board of Directors; provided, however, that the date of any Stockholder Requested Meeting shall be not more than 90 days after the record date for such meeting (the "Meeting Record Date"); and provided further that if the Board of Directors fails to designate, within ten days after the date that a valid Special Meeting Request is actually received by the secretary (the "Delivery Date"), a date and time for a Stockholder Requested Meeting, then such meeting shall be held at 2:00 p.m. local time on the 90th day after the Meeting Record Date or, if such 90th day is not a Business Day (as defined below), on the first preceding Business Day; and provided further that in the event that the Board of Directors fails to designate a place for a Stockholder Requested Meeting within ten days after the Delivery Date, then such meeting shall be held at the principal executive office of the Corporation. In fixing a date for any special meeting, the chairman of the board, the president, the chief executive officer or the Board of Directors may consider such factors as he, she or it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board of Directors to call an annual meeting or a special meeting. In the case of any Stockholder Requested Meeting, if the Board of Directors fails to fix a Meeting Record Date that is a date within 30 days after the Delivery Date, then the close of business on the 30th day after the Delivery Date shall be the Meeting Record Date. The Board of Directors may revoke the notice for any Stockholder Requested Meeting in the event that the requesting stockholders fail to comply with the provisions of paragraph (3) of this Section 3(b).

(5) If written revocations of requests for the special meeting have been delivered to the secretary and the result is that stockholders of record (or their agents duly authorized in writing), as of the Request Record Date, entitled to cast less than the Special Meeting Percentage have delivered, and not revoked, requests for a special meeting to the secretary, the secretary shall: (i) if the notice of meeting has not already been mailed, refrain from mailing the notice of the meeting and send to all requesting stockholders who have not revoked such requests written notice of any revocation of a request for the special meeting, or (ii) if the notice of meeting has been mailed and if the secretary first sends to all requesting stockholders who have not revoked requests for a special meeting written notice of any revocation of a request for the special meeting and written notice of the secretary's intention to revoke the notice of the meeting, revoke the notice of the meeting at any time before ten days before the commencement of the meeting. Any request for a special meeting received after a revocation by the secretary of a notice of a meeting shall be considered a request for a new special meeting.

(6) The Board of Directors, the chairman of the board, the president or the chief executive officer may appoint independent inspectors of elections to act as the agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported Special Meeting Request received by the secretary. For the purpose of permitting the inspectors to perform such review, no such purported request shall be deemed to have been delivered to the secretary until the earlier of (i) five Business Days after receipt by the secretary of such purported request and (ii) such date as the independent inspectors certify to the Corporation that the valid requests received by the secretary represent at least the Special Meeting Percentage. Nothing contained in this paragraph (6) shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

(7) For purposes of these Bylaws, "Business Day" shall mean any day other than a Saturday, a Sunday or other day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

SECTION 4. Notice of Meetings. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by any statute, the purpose for which the meeting is called, either by mail, by presenting it to such stockholder personally, by leaving it at the stockholder's residence or usual place of business or by any other means permitted by Maryland law. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at the stockholder's address as it appears on the records of the Corporation, with postage thereon prepaid.

Subject to Section 11(a) of this Article II, any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by any statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

SECTION 5. Organization and Conduct. Every meeting of stockholders shall be conducted by an individual appointed by the Board of Directors to be chairman of the meeting or, in the absence of such appointment, by the chairman of the board, if any, or, in the case of a vacancy in the office or absence of the chairman of the board, by one of the following officers present at the meeting: the vice chairman of the Board, if any, the president, any vice president, the secretary, the treasurer or, in the absence of such officers, a chairman chosen by the stockholders by the vote of a majority of the votes cast by stockholders present in person or by proxy. The secretary or, in the secretary's absence, an assistant secretary or, in the absence of both the secretary and assistant secretaries, an individual appointed by the Board of Directors or, in the absence of such appointment, an individual appointed by the chairman of the meeting shall act as secretary. In the event that the secretary presides at a meeting of the stockholders, an assistant secretary, or, in the absence of assistant secretaries, an individual appointed by the Board of Directors or the chairman of the meeting, shall record the minutes of the meeting. The order of business and all other matters of procedure at any meeting of stockholders shall be determined by the chairman of the meeting. The chairman of the meeting may prescribe such rules, regulations and procedures and take such action as, in the discretion of such chairman, are appropriate for the proper conduct of the meeting, including, without limitation, (a) restricting admission to the time set for the commencement of the meeting; (b) limiting attendance at the meeting to stockholders of record of the Corporation, their duly authorized proxies and other such individuals as the chairman of the meeting may determine; (c) limiting participation at the meeting on any matter to stockholders of record of the Corporation entitled to vote on such matter, their duly authorized proxies or other such individuals as the chairman of the meeting may determine; (d) limiting the time allotted to questions or comments by participants; (e) determining when the polls should be opened and closed; (f) maintaining order and security at the meeting; (g) removing any stockholder or any other individual who refuses to comply with meeting procedures, rules or guidelines as set forth by the chairman of the meeting; and (h) concluding a meeting or recessing or adjourning the meeting to a later date and time and at a place announced at the meeting. Unless otherwise determined by the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

SECTION 6. Quorum. The presence in person or by proxy of the holders of shares of stock of the Corporation entitled to cast a majority of the votes entitled to be cast (without regard to class) shall constitute a quorum at any meeting of the stockholders, except with respect to any such matter that, under applicable statutes or regulatory requirements, requires approval by a separate vote of one or more classes of stock, in which case the presence in person or by proxy of the holders of shares entitled to cast a majority of the votes entitled to be cast by each such class on such a matter shall constitute a quorum. This section shall not affect any requirement under any statute or the charter of the Corporation for the vote necessary for the adoption of any measure.

If, however, such quorum shall not be present at any meeting of the stockholders, the chairman of the meeting shall have the power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

The stockholders present either in person or by proxy, at a meeting which has been duly called and convened, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 7. Voting. Each director shall be elected by the affirmative vote of the holders of a majority of the shares of stock outstanding and entitled to vote thereon. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the charter of the Corporation. Unless otherwise provided in the charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.

SECTION 8. Proxies. A stockholder may cast the votes entitled to be cast by the shares of stock owned of record by the stockholder in person or by proxy executed by the stockholder or by the stockholder's duly authorized agent in any manner permitted by law. Such proxy or evidence of authorization of such proxy shall be filed with the secretary of the Corporation before or at the meeting. No proxy shall be valid more than eleven months after its date unless otherwise provided in the proxy.

SECTION 9. Voting of Stock by Certain Holders. Stock of the Corporation registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the governing body of such corporation or other entity or agreement of the partners of a partnership presents a certified copy of such bylaw, resolution or agreement, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his or her name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

SECTION 10. Inspectors . The Board of Directors, in advance of any meeting, may, but need not, appoint one or more individual inspectors or one or more entities that designate individuals as inspectors to act at the meeting or any adjournment thereof. If an inspector or inspectors are not appointed, the person presiding at the meeting may, but need not, appoint one or more inspectors. In case any person who may be appointed as an inspector fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of the meeting or at the meeting by the chairman of the meeting. The inspectors, if any, shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, and determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. Each such report shall be in writing and signed by him or her or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

SECTION 11. Advance Notice of Stockholder Nominees for Director and Other Stockholder Proposals .

(a) Annual Meetings of Stockholders .

(1) Nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record both at the time of giving of notice by the stockholder as provided for in this Section 11(a) and at the time of the annual meeting, who is entitled to vote at the meeting and who has complied with this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation and such other business must otherwise be a proper matter for action by the stockholders. To be timely, a stockholder's notice shall set forth all information required under this Section 11 and shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150 th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting nor later than 5:00 p.m., Central Time, on the 120 th day prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced or delayed by more than 30 days from the first anniversary of the date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the 150 th day prior to the date of such annual meeting and not later than 5:00 p.m., Central Time, on the later of the 120 th day prior to the date of such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. The public announcement of a postponement or adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (i) as to each individual whom the stockholder proposes to nominate for election or reelection as a director, (A) the name, age, business address and residence address of such individual, (B) the class, series and number of any shares of stock of the Corporation that are beneficially owned by such individual, (C) the date such shares were acquired and the investment intent of such acquisition, (D) whether such stockholder believes any such individual is, or is not, an "interested person" of the Corporation, as defined in the Investment Company Act of 1940, as amended, and the rules promulgated thereunder (the "Investment Company Act") and information regarding such individual that is sufficient, in the discretion of the Board of

Directors or any committee thereof or any authorized officer of the Corporation, to make such determination and (E) all other information relating to such individual that is required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case pursuant to Regulation 14A (or any successor provision) under the Exchange Act and the rules thereunder (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a description of such business, the reasons for proposing such business at the meeting and any material interest in such business of such stockholder and any Stockholder Associated Person (as defined below), individually or in the aggregate, including any anticipated benefit to the stockholder and the Stockholder Associated Person therefrom; (iii) as to the stockholder giving the notice and any Stockholder Associated Person, the class, series and number of all shares of stock of the Corporation which are owned by such stockholder and by such Stockholder Associated Person, if any, and the nominee holder for, and number of, shares owned beneficially but not of record by such stockholder and by any such Stockholder Associated Person; (iv) as to the stockholder giving the notice and any Stockholder Associated Person covered by clauses (ii) or (iii) of this paragraph (2) of this Section 11(a), the name and address of such stockholder, as they appear on the Corporation's stock ledger and current name and address, if different, and of such Stockholder Associated Person; and (v) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director or the proposal of other business on the date of such stockholder's notice.

(3) Notwithstanding anything in this subsection (a) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement of such action at least 130 days prior to the first anniversary of the date of mailing of the notice of the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive office of the Corporation not later than 5:00 p.m., Central Time, on the tenth day following the day on which such public announcement is first made by the Corporation.

(4) For purposes of this Section 11, "Stockholder Associated Person" of any stockholder shall mean (i) any person controlling, directly or indirectly, or acting in concert with, such stockholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder and (iii) any person controlling, controlled by or under common control with such Stockholder Associated Person.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of individuals for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record both at the time of giving of notice provided for in this Section 11 and at the time of the special meeting, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more individuals to the Board of Directors, any such stockholder may nominate an individual or individuals (as the case may be) for election as a director as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (2) of this Section 11(a) shall be delivered to the secretary at the principal executive office of the Corporation not earlier than the 150th day prior to such special meeting and not later than 5:00 p.m., Central Time, on the later of the 120th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The public announcement of a postponement or adjournment of a special meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(c) General.

(1) Upon written request by the secretary or the Board of Directors or any committee thereof, any stockholder proposing a nominee for election as a director or any proposal for other business at a meeting of stockholders shall provide, within five Business Days of delivery of such request (or such other period as may be specified in such request), written verification, satisfactory, in the discretion of the Board of Directors or any committee thereof or any authorized officer of the Corporation, to demonstrate the accuracy of any information submitted by the stockholder pursuant to this Section 11. If a stockholder fails to provide such written verification within such period, the information as to which written verification was requested may be deemed not to have been provided in accordance with this Section 11.

(2) Only such individuals who are nominated in accordance with this Section 11 shall be eligible for election by stockholders as directors, and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with this Section 11. The chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with this Section 11.

(3) For purposes of this Section 11, (a) the "date of mailing of the notice" shall mean the date of the proxy statement for the solicitation of proxies for election of directors and (b) "public announcement" shall mean disclosure (i) in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, PR Newswire or

comparable news service or (ii) in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to the Exchange Act or the Investment Company Act.

(4) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11 shall be deemed to affect any right of a stockholder to request inclusion of a proposal in, nor the right of the Corporation to omit a proposal from, the Corporation's proxy statement pursuant to Rule 14a-8 (or any successor provision) under the Exchange Act.

SECTION 12. Voting by Ballot. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

SECTION 13. Control Share Acquisition Act. Notwithstanding any other provision of the charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Maryland General Corporation Law (the "MGCL"), or any successor statute, shall not apply to any acquisition by any person of shares of stock of the Corporation. This section may be repealed, in whole or in part, at any time, whether before or after an acquisition of control shares and, upon such repeal, may, to the extent provided by any successor bylaw, apply to any prior or subsequent control share acquisition.

ARTICLE III

DIRECTORS

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

SECTION 2. Number, Tenure And Qualifications. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the MGCL, nor more than seven, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors.

SECTION 3. Annual and Regular Meetings. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. In the event such meeting is not so held, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors. Regular meetings of the Board of Directors shall be held from time to time at such places and times as provided by the Board of Directors by resolution, without notice other than such resolution.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the chairman of the Board of Directors, the chief executive officer, the president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them. The Board of Directors may provide, by resolution, the time and place for the holding of special meetings of the Board of Directors without notice other than such resolution.

SECTION 5. Notice. Notice of any special meeting of the Board of Directors shall be delivered personally or by telephone, electronic mail, facsimile transmission, United States mail or courier to each director at his or her business or residence address. Notice by personal delivery, telephone, electronic mail or facsimile transmission shall be given at least 24 hours prior to the meeting. Notice by United States mail shall be given at least three days prior to the meeting. Notice by courier shall be given at least two days prior to the meeting. Telephone notice shall be deemed to be given when the director or his or her agent is personally given such notice in a telephone call to which the director or his or her agent is a party. Electronic mail notice shall be deemed to be given upon transmission of the message to the electronic mail address given to the Corporation by the director. Facsimile transmission notice shall be deemed to be given upon completion of the transmission of the message to the number given to the Corporation by the director and receipt of a completed answer-back indicating receipt. Notice by United States mail shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. Notice by courier shall be deemed to be given when deposited with or delivered to a courier properly addressed. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

SECTION 6. Quorum. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to applicable law, the charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The directors present at a meeting which has been duly called and convened may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

SECTION 7. Voting. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute or the charter. If enough directors have withdrawn from a meeting to leave less than a quorum but the meeting is not adjourned, the action of the majority of that number of directors necessary to constitute a quorum at such meeting shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable law, the charter or these Bylaws.

SECTION 8. Organization. At each meeting of the Board of Directors, the chairman of the board or, in the absence of the chairman, the vice chairman of the board, if any, shall act as chairman of the meeting. In the absence of both the chairman and vice chairman of the board, the chief executive officer or in the absence of the chief executive officer, the president or in the absence of the president, a director chosen by a majority of the directors present, shall act as chairman of the meeting. The secretary or, in his or her absence, an assistant secretary of the Corporation, or in the absence of the secretary and all assistant secretaries, a person appointed by the chairman of the meeting, shall act as secretary of the meeting.

SECTION 9. Telephone Meetings. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time; provided however, this Section 9 does not apply to any action of the directors pursuant to the Investment Company Act, that requires the vote of the directors to be cast in person at a meeting. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 10. Written Consent by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each director and is filed with the minutes of proceedings of the Board of Directors; provided however, this Section 10 does not apply to any action of the directors pursuant to the Investment Company Act, that requires the vote of the directors to be cast in person at a meeting.

SECTION 11. Vacancies. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder, if any. Pursuant to the Corporation's election in Article V of the charter, subject to applicable requirements of the Investment Company Act, except as may be provided by the Board of Directors in setting the terms of any class or series of preferred stock, (a) any vacancy on the Board of Directors may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum and (b) any director elected to fill a vacancy shall serve for the remainder of the full term of the class in which the vacancy occurred and until a successor is elected and qualifies.

SECTION 12. Compensation. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, may receive compensation per year and/or per meeting and/or per visit to real property or other facilities owned or leased by the Corporation and for any service or activity they performed or engaged in as directors. Directors may be reimbursed for expenses of attendance, if any, at each annual, regular or special meeting of the Board of Directors or of any committee thereof and for their expenses, if any, in connection with each property visit and any other service or activity they performed or engaged in as directors; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 13. Loss of Deposits. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.

SECTION 14. Surety Bonds. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

SECTION 15. Reliance. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

ARTICLE IV

COMMITTEES

SECTION 1. Number, Tenure and Qualifications. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee, a Nominating and Corporate Governance Committee, a Compensation Committee, a Valuation Committee, and other committees, composed of one or more directors, to serve at the pleasure of the Board of Directors.

SECTION 2. Powers. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

SECTION 3. Meetings. Notice of committee meetings shall be given in the same manner as notice for special meetings of the Board of Directors. A majority of the members of the committee shall constitute a quorum for the transaction of business at any meeting of the committee. The act of a majority of the committee members present at a meeting shall be the act of such committee. The Board of Directors may designate a chairman of any committee, and such chairman or, in the absence of a chairman, any two members of any committee (if there are at least two members of the Committee) may fix the time and place of its meeting unless the Board shall otherwise provide. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member. Each committee shall keep minutes of its proceedings.

SECTION 4. Telephone Meetings. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

SECTION 5. Written Consent by Committees. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing or by electronic transmission to such action is given by each member of the committee and is filed with the minutes of proceedings of such committee.

SECTION 6. Vacancies. Subject to the provisions hereof, the Board of Directors shall have the power at any time to change the membership of any committee, to fill all vacancies, to designate alternate members to replace any absent or disqualified member or to dissolve any such committee. Subject to the power of the Board of Directors, the members of the committee shall have the power to fill any vacancies on the committee.

ARTICLE V

OFFICERS

SECTION 1. General Provisions. The officers of the Corporation shall include a president, a secretary and a treasurer and may include a chief executive officer, one or more vice presidents, a chief operating officer, a chief compliance officer, a chief financial officer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time elect such other officers with such powers and duties as it shall deem necessary or desirable. The Board of Directors may designate a chairman of the board and a vice chairman of the board, who shall not be officers of the Corporation but shall have such powers and duties as determined by the Board of Directors from time to time. The officers of the Corporation shall be elected annually by the Board of Directors, except that the chief executive officer or president may from time to time appoint one or more vice presidents, assistant secretaries, assistant treasurers or other officers. Each officer shall hold office until his or her successor is elected and qualifies or until death, resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

SECTION 2. Removal and Resignation. Any officer or agent of the Corporation may be removed, with or without cause, by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his or her resignation to the Board of Directors, the chairman of the board, the president or the secretary. Any resignation shall take effect immediately upon its receipt or at such later time specified in the notice of resignation. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation. Such resignation shall be without prejudice to the contract rights, if any, of the Corporation.

SECTION 3. Vacancies . A vacancy in any office may be filled by the Board of Directors for the balance of the term.

SECTION 4. Chief Executive Officer . The Board of Directors may designate a chief executive officer. In the absence of such designation, the president shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. He or she may execute any deed, mortgage, bond, contract or other instrument in the name of the Corporation, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of chief executive officer and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Chief Operating Officer . The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

SECTION 6. Chief Financial Officer . The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

SECTION 7. Chief Compliance Officer . The Board of Directors may designate a chief compliance officer. The chief compliance officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

SECTION 8. Chairman of the Board . The Board of Directors shall designate a chairman of the board. The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he or she shall be present. The chairman of the board shall perform such other duties as may be assigned to him or her by the Board of Directors.

SECTION 9. President . In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He or she may execute any deed, mortgage, bond, contract or other instrument in the name of the Corporation, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 10. Vice Presidents . In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to such vice president by the chief executive officer, the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.

SECTION 11. Secretary . The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the stock transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

SECTION 12. Treasurer . The treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his or her transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, the treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration to the Corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, moneys and other property of whatever kind in his or her possession or under his or her control belonging to the Corporation.

SECTION 13. Assistant Secretaries and Assistant Treasurers. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. Contracts. The Board of Directors, the Executive Committee or another committee of the Board of Directors within the scope of its delegated authority, may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document shall be valid and binding upon the Corporation when authorized or ratified by action of the Board of Directors or the Executive Committee or such other committee and executed by an authorized person.

SECTION 2. Checks and Drafts. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or agent of the Corporation in such manner as shall from time to time be determined by the Board of Directors.

SECTION 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

ARTICLE VII

STOCK

SECTION 1. Certificates; Required Information. In the event that the Corporation issues shares of stock represented by certificates, each certificate shall be signed by the officers of the Corporation in the manner permitted by the MGCL and contain the statements and information required by the MGCL. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation, from time to time, issue several classes of shares, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Corporation may set forth upon the face or back of the certificate a statement that the Corporation will furnish to any stockholder, upon request and without charge, a full statement of such information.

In the event that the Corporation issues shares of stock without certificates, the Corporation shall provide to holders of such shares a written statement of the information required by the MGCL to be included on stock certificates.

SECTION 2. Transfers When Certificates Issued. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the charter of the Corporation and all of the terms and conditions contained therein.

SECTION 3. Replacement Certificate. The president, the secretary, the treasurer or any officer designated by the Board of Directors may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, an officer designated by the Board of Directors may, in his or her discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or the owner's legal representative to advertise the same in such manner as he or she shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

SECTION 4. Closing of Transfer Books or Fixing of Record Date. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or determining stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders of record is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except when (i) the determination has been made through the closing of the transfer books and the stated period of closing has expired or (ii) the meeting is adjourned to a date more than 120 days after the record date fixed for the original meeting, in either of which case a new record date shall be determined as set forth herein.

SECTION 5. Stock Ledger. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

SECTION 6. Fractional Stock; Issuance of Units. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

ARTICLE VIII

ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

ARTICLE IX

DISTRIBUTIONS

SECTION 1. Authorization . Dividends and other distributions upon the stock of the Corporation may be authorized by the Board of Directors, subject to the provisions of law and the charter of the Corporation. Dividends and other distributions may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the charter.

SECTION 2. Contingencies . Before payment of any dividends or other distributions, there may be set aside out of any assets of the Corporation available for dividends or other distributions such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends or other distributions, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve.

ARTICLE X

INVESTMENT POLICY

Subject to applicable law and the provisions of the charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

SECTION 1. Seal . The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall contain the name of the Corporation and the year of its incorporation and the words “Incorporated Maryland.” The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

SECTION 2. Affixing Seal . Whenever the Corporation is permitted or required to affix its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word “(SEAL)” adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION AND ADVANCE OF EXPENSES

To the maximum extent permitted by Maryland law and the Investment Company Act, in effect from time to time, the Corporation shall indemnify and, without requiring a preliminary determination of the ultimate entitlement to indemnification, shall pay or reimburse reasonable expenses in advance of final disposition of a proceeding to (a) any individual who is a present or former director or officer of the Corporation and who is made or threatened to be made a party to the proceeding by reason of his or her service in any such capacity or (b) any individual who, while a director or officer of the Corporation and at the request of the Corporation, serves or has served as a director, officer, partner or trustee of another Corporation, real estate investment trust, partnership, joint venture, trust, employee benefit plan or other enterprise and who is made or threatened to be made a party to the proceeding by reason of his or her service in that capacity. The Corporation may, with the approval of its Board of Directors or any duly authorized committee thereof, provide such indemnification and advance for expenses to a person who served a predecessor of the Corporation in any of the capacities described in (a) or (b) above and to any employee or agent of the Corporation or a predecessor of the Corporation. The indemnification and payment of expenses provided in these Bylaws shall not be deemed exclusive of or limit in any way other rights to which any person seeking indemnification or payment of expenses may be or may become entitled under any bylaw, regulation, insurance, agreement or otherwise. Any indemnification or advance of expenses made pursuant to this Article XII shall be subject to applicable requirements of the Investment Company Act.

Neither the amendment nor repeal of this Article, nor the adoption or amendment of any other provision of the Bylaws or charter of the Corporation inconsistent with this Article, shall apply to or affect in any respect the applicability of the preceding paragraph with respect to any act or failure to act which occurred prior to such amendment, repeal or adoption.

No provision of this Article XI shall be effective to protect or purport to protect any director or officer of the Corporation against liability to the Corporation or its stockholders to which he or she would otherwise be subject by reason of willfulness misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her office.

ARTICLE XIII

WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XIV

INSPECTION OF RECORDS

A stockholder that is otherwise eligible under applicable law to inspect the Corporation's books of account, stock ledger, or other specified documents of the Corporation shall have no right to make such inspection if the Board of Directors determines that such stockholder has an improper purpose for requesting such inspection.

ARTICLE XV

INVESTMENT COMPANY ACT

If and to the extent that any provision of the MGCL, including, without limitation, Subtitle 6 and, if then applicable, Subtitle 7, of Title 3 of the MGCL, or any provision of the charter or these Bylaws conflicts with any provision of the Investment Company Act, the applicable provision of the Investment Company Act shall control.

ARTICLE XVI

EXCLUSIVE FORUM FOR CERTAIN LITIGATION

Unless the Corporation consents in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that Court does not have jurisdiction, the United States District Court for the District of Maryland, Baltimore Division, shall be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of any duty owed by any director or officer or other employee of the Corporation to the Corporation or to the stockholders of the Corporation, (c) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to any provision of the MGCL or the charter or Bylaws of the Corporation, or (d) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation that is governed by the internal affairs doctrine.

ARTICLE XVII

AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

Code of Business Conduct and Ethics

Introduction

Ethics are important to OHA Investment Corporation (the "Company," "our," "us," or "we") and to its management. The Company is committed to the highest ethical standards and to conducting its business with the highest level of integrity.

All officers and directors of the Company and all employees of its investment adviser that perform regular functions or duties for the Company (collectively, the "Covered Persons," and individually, "you"), and Oak Hill Advisors, L.P. (the "Advisor") are responsible for maintaining this level of integrity and for complying with the policies contained in this Code of Business Conduct and Ethics (the "Code"). If you have a question or concern about what is proper conduct for you or anyone else, please raise these concerns with any member of the Company's management, or follow the procedures outlined in applicable sections of this Code.

Purpose of the Code

This Code is intended to:

- Help you recognize ethical issues and take the appropriate steps to resolve these issues;
- Deter ethical violations;
- Assist you in reporting any unethical or illegal conduct; and
- Reaffirm and promote our commitment to a corporate culture that values honesty and accountability.

All Covered Persons, as a condition of employment or continued employment, will acknowledge in writing that they have received a copy of this Code, read it, and understand that the Code contains our expectations regarding their conduct.

Conflicts of Interest

You must avoid any conflict or the appearance of a conflict, and must report to the CCO any actual or potential conflict between your personal interests and our interests. A conflict exists when your personal interests in any way interfere or even appear to interfere with the interests of the Company, or when you take any action or have any interests that may make it difficult for you to perform your job for the Company objectively and effectively. For example, a conflict of interest may exist if any of the following scenarios occur and affect the Company:

- You cause us or the Advisor to enter into business relationships with you or a member of your family, or invest in companies affiliated with you or a member of your family;

- You, or a member of your family, receive improper personal benefits as a result of your position with us or the Advisor;

- You use any nonpublic information about us or the Advisor, our customers or our other business partners for your personal gain, or the gain of a member of your family; or

- You use or communicate confidential information obtained in the course of your work for your or another's personal benefit.

Corporate Opportunities

Each of us has a duty to advance the legitimate interests of the Company when the opportunity to do so presents itself. Therefore, you may not:

- Take for yourself personally opportunities, including investment opportunities, discovered through the use of your position with us or the Advisor, or through the use of either's property or information;

- Use our or the Advisor's property, information, or position for your personal gain or the gain of a family member; or

- Compete, or prepare to compete, with us or the Advisor.

Confidentiality

You must not disclose confidential information regarding us, the Advisor, our affiliates, our lenders, our clients, or our other business partners, unless disclosure is authorized or required by law. Confidential information includes all non-public information that might be harmful to, or useful to the competitors of, the Company, its affiliates, its lenders, its clients, or its other business partners. This obligation continues even after you leave the Company, until the information becomes publicly available.

Fair Dealing

You must endeavor to deal fairly with our customers, suppliers and business partners, or any other companies or individuals with whom we do business or come into contact with, including fellow employees and our competitors. You must not take unfair advantage of these or other parties by means of:

- manipulation;
- concealment;
- abuse of privileged information;
- misrepresentation of material facts; or
- any other unfair-dealing practice.

Protection and Proper Use of Company Assets

Our assets are to be used only for legitimate business purposes. Theft, carelessness and waste have a direct impact on our profitability. You should protect our assets and ensure that they are used efficiently.

Incidental personal use of telephones, fax machines, copy machines, personal computers and similar equipment is generally allowed if there is no significant added cost to us, it does not interfere with your work duties, and is not related to an illegal activity or to any outside business.

Compliance with Applicable Laws, Rules and Regulations

You must comply with all laws, rules and regulations that apply to our business, including those relating to insider trading. Please talk to our Chief Compliance Officer if you have any questions about how to comply with the above regulations and other laws, rules and regulations.

In addition, we expect you to comply with all our policies and procedures that apply to you. We may modify or update our policies and procedures in the future, and may adopt new company policies and procedures from time to time. You are also expected to observe the terms of any confidentiality agreement, employment agreement or other similar agreement that applies to you.

Equal Opportunity, Harassment

We are committed to providing equal opportunity in all of our employment practices including selection, hiring, promotion, transfer, and compensation of all qualified applicants and employees without regard to race, color, sex or gender, sexual orientation, religion, age, national origin, handicap, disability, citizenship status, or any other status protected by law. With this in mind, there are certain behaviors that will not be tolerated. You may not under any circumstances engage in harassment, violence, intimidation, and discrimination of any kind involving race, color, sex or gender, sexual orientation, religion, age, national origin, handicap, disability, citizenship status, marital status, or any other status protected by law.

Accuracy of Company Records

You must ensure that all financial books, records and accounts you maintain for the Company accurately reflect transactions and events, and conform both to required accounting principles and to our system of internal controls.

FIDUCIARY DUTIES AND AVOIDANCE OF CONFLICTS

Retaining Business Communications

From time to time we establish retention or destruction policies in order to ensure legal compliance. You must fully comply with any published records retention or destruction policies, provided that you should note the following exception: If you believe, or we inform you, that our records are relevant to any litigation or governmental action, or any potential litigation or action, then you must preserve those records until we determine the records are no longer needed. This exception supersedes any previously or subsequently established destruction policies for those records. If you believe that this exception may apply, or have any questions regarding the possible applicability of that exception, please contact our Chief Compliance Officer.

Political Contributions

No funds of the Company may be given directly to political candidates. You may, however, engage in political activity with your own resources on your own time, subject to preclearance by the Chief Compliance Officer.

Media Relations

We must speak with a unified voice in all dealings with the press and other media. As a result, our Chief Executive Officer and Chief Compliance Officer are the sole contacts for media seeking information about the Company. Any requests from the media must be referred to our Chief Executive Officer and Chief Compliance Officer.

Intellectual Property Information

Information generated in our business is a valuable asset. Protecting this information plays an important role in our growth and ability to compete. Such information includes business and research plans; objectives and strategies; trade secrets; unpublished financial information; salary and benefits data; lender and other business partner lists. Employees are obligated to safeguard our intellectual property information from unauthorized access and:

- Not disclose this information to persons outside of the Company;
- Not use this information for personal benefit or the benefit of persons outside of the Company; and
- Not share this information with other employees except on a legitimate “need to know” basis.

Internet and E-Mail Policy

We provide an e-mail system and Internet access to certain of our employees to help them do their work. You may use the e-mail system and the Internet only for legitimate business purposes in the course of your duties. Incidental and occasional personal use is permitted, but never for personal gain or any improper use. Further, you are prohibited from discussing or posting confidential information regarding the Company in any external electronic forum, including Internet chat rooms or electronic bulletin boards.

Reporting Violations and Complaint Handling

You are responsible for compliance with the rules, standards and principles described in this Code. In addition, you should be alert to possible violations of the Code by the Company or the Advisor's employees, officers and directors, and you are expected to report a violation promptly. Reports should be made to our Chief Compliance Officer who will investigate and report the matter to our President and/or Board of Directors, as the circumstance dictates. You will also be expected to cooperate in an investigation of a violation.

Anyone who has a concern about our conduct, the conduct of an officer of the Company or the Advisor or our accounting, internal accounting controls or auditing matters, may communicate that concern to the Audit Committee of the Board of Directors through our Chief Compliance Officer. All reported concerns shall be forwarded to the Audit Committee and will be simultaneously addressed by our Chief Compliance Officer in the same way that other concerns are addressed by us. The status of all outstanding concerns forwarded to the Audit Committee will be reported on a quarterly basis by our Chief Compliance Officer. The Audit Committee may direct that certain matters be presented to the full board and may also direct special treatment, including the retention of outside advisers or counsel, for any concern reported to it.

All reports will be investigated and whenever possible, requests for confidentiality shall
be honored. And, while anonymous reports will be accepted, please understand that anonymity may hinder or impede the investigation of a report. All cases of questionable activity or improper actions will be reviewed as appropriate.

There will be no reprisal, retaliation or adverse action taken against any employee on the basis of such employee's making reports or assisting in the investigation of, a violation or suspected violation, or who makes an inquiry about the appropriateness of an anticipated or actual course of action.

For reporting concerns about the Company's or the Advisor's conduct, the conduct of an officer of the Company or the Advisor, or about the Company's or the Advisor's accounting, internal accounting controls or auditing matters, you may use the following means of communication:

ADDRESS: OHA Investment Corporation
Attn: Chief Compliance Officer
1114 Avenue of the Americas, 27th Floor
New York, NY 10036

FIDUCIARY DUTIES AND AVOIDANCE OF CONFLICTS

Administration of the Code

The Chief Compliance Officer has overall responsibility for administering the Code and reporting on the administration of and compliance with the Code and related matters to our Board of Directors.

Sanctions for Code Violations

All violations of the Code will result in appropriate corrective action, up to and including dismissal. If the violation involves potentially criminal activity, the individual or individuals in question will be reported, as warranted, to the appropriate authorities.

Application/Waivers

All the directors and officers of the Company and select employees the Advisor are subject to this Code.

Insofar as other policies or procedures of the Company or the Advisor govern or purport to govern the behavior or activities of all persons who are subject to this Code, they are superseded by this Code to the extent that they conflict with the provisions of this Code.

Any material amendment or waiver of the Code for an executive officer or member of our Board of Directors must be made by our Board of Directors and disclosed as required by Item 5.05 of Form 8-K on a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days following such amendment or waiver.

Revisions and Amendments

This Code may be revised, changed or amended at any time by our Board of Directors. Following any material revisions or updates, an updated version of this Code will be distributed to you, and will supersede the prior version of this Code effective upon distribution. We will ask you to sign an acknowledgement confirming that you have read and understood the revised version of the Code, and that you agree to comply with the provisions.

FIDUCIARY DUTIES AND AVOIDANCE OF CONFLICTS

OAK HILL ADVISORS, L.P.,
ITS AFFILIATED INVESTMENT ADVISORS AND

OHA INVESTMENT CORPORATION

CODE OF ETHICS AND PERSONAL TRADING POLICY

Effective October 15, 2015
This Policy Applies to All Employees and Access Persons

GENERAL

This Code of Ethics and Personal Trading Policy (this " **Policy** ") has been adopted by Oak Hill Advisors, L.P. (the " **Advisor** "), its affiliated investment advisors (collectively, " **OHA** " or the " **Firm** "), and OHA Investment Corporation (" **OHAI** "), in compliance with Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the " **Advisors Act** "), and, in the case of the OHAI, Rule 17j-1 under the Investment Company Act of 1940 (the " **1940 Act** "). OHA is OHAI's investment advisor.

WHOM DOES THIS POLICY COVER?

This Policy applies to all Employees and Access Persons of OHA and OHAI (including the independent directors of OHAI, as defined herein), as well as securities held by or traded by the **Immediate Family Members** who live in their households.

This Policy also applies to (i) any company or person in a "control" relationship to OHAI or the Advisor, and (ii) a director, officer or general partner of any principal underwriter engaged by OHAI (together with Employees and Access Persons, " **Applicable Persons** "). Please notify the Compliance Group promptly for specific guidance if you believe either of the above situations apply.

For the purposes of this Policy, " **Employees** " includes employees, partners, directors and officers. " **Access Persons** " are persons who provide services to the Firm (including, but not limited to, certain consultants, advisors and temporary employees) that the Compliance Group may, from time to time, designate as such.

The term " **Immediate Family Member** " means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and includes adoptive relationships. Upon request, the Compliance Group will determine, on a facts and circumstances basis, whether the presumption of beneficial ownership may be rebutted with respect to any immediate family member living in the same household.

All Employees and Access Persons are responsible for pre-approval and reporting requirements relating to their own securities and holdings as well as those of Immediate Family Members who live in their households and any direct or indirect personal investment holdings so designated by the Compliance Group.

If you are aware of any other securities or accounts in which you may have or share a direct or indirect pecuniary interest, you must promptly report the situation to the Compliance Group.

CODE OF ETHICS

As a registered investment adviser and a business development company, as applicable:

- We expect all Employees and Access Persons to comply with applicable provisions of the federal securities laws as well as other U.S. and applicable non-U.S. federal, state, and local laws, and with this Regulatory Compliance Program and with any other applicable Firm policy, including, without limitation, policies contained in the Firm's Employee Handbook.
- We expect all Employees and Access Persons to act with *integrity* , *dignity* , and in an *ethical manner* when dealing with Clients, investors, prospective Clients and investors, regulators, counterparties, colleagues, consultants, advisors and the general public.
- We expect all Employees and Access Persons to adhere to *applicable standards with respect to any potential conflicts* of interest with Client accounts. No Employee or Access Person should ever enjoy a benefit at the expense of the account of any Client.
- We expect all persons associated with OHA to *preserve the confidentiality of information* that they may obtain in the course of conducting business. Such information should be used properly and not in any way that would adversely affect our Clients' or the Firm's interests.
- We expect all Employees and Access Persons to conduct their personal financial affairs in a prudent manner, *avoiding any action that could compromise their ability to deal objectively* with our Clients.
- We expect all Employees and Access Persons to *use due care and exercise professional judgment and discretion* when conducting investment analysis, making investment recommendations, taking investment actions, handling Client assets and engaging in other professional activities.
- We expect all Employees and Access Persons to operate, and to encourage others to operate, in an *ethical manner that will reflect favorably on themselves and the Firm* .
- We expect all Employees and Access Persons to maintain and improve their professional competence and strive to maintain and improve the competence of other professionals.
- Under no circumstances are Applicable Persons permitted, in connection with any purchase or sale of a security "held or to be acquired" by a client, in each case, directly or indirectly, to:

- Employ any device, scheme or artifice to defraud a client;
- Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- Engage in any act, practice or course of business that operates or would operate as a fraud or deceit; or
- Engage in any manipulative practice.

PERSONAL TRADING POLICY

A.Pre-Clearance

1.*General.*

Subject to the exceptions identified below (*Exceptions to Pre-Clearance Requirement*), any Employee or Access Person seeking to place a personal securities transaction, including making gifts or donations, in a Reportable Security (as defined below) must obtain pre-approval through the Compliance Science system. The Compliance Science system is set up to require approvals from all required approvers. This includes one of the designated Partners and a member of the Compliance Group (each, an " **Approval Person** "). You will be notified by email upon approval. No Approval Person may approve his or her own transaction. OHA reserves the right to reject any proposed transaction that may have the appearance of improper conduct.

If you are aware of any actual or potential conflict of interest with respect to a proposed personal trade, whether or not such trade would be excepted from the pre-approval requirement under Section C below, you should disclose all relevant facts to the Compliance Group and obtain approval prior to trading.

" **Reportable Security** " means a security as defined in Section 202(a)(18) of the Advisers Act and 2(a)(36) of the 1940 Act and includes any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, futures with underlying assets that are "Reportable Securities", any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a " **security** ", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guaranty of, or warrant or right to subscribe to or purchase any of the foregoing, <u>but does not include</u> :

- Direct obligations of the Government of the United States;
- Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- Shares issued by open-end funds (mutual funds), including money market funds; and transactions in currency, such as currency exchange.

Once pre-approval is granted to an Employee or Access Person, such person has until the end of the second business day following the date of approval to transact in that Reportable Security (Approval Date + 2 business days). If the Employee or Access Person wishes to transact in that Reportable Security after that time, he or she must obtain pre-approval again as described above. Further, if an initial or subsequent trade authorization request with respect to a particular security is granted, there can be no assurance that a subsequent trade authorization request with respect to that security will also be granted, including for liquidating and covering transactions.

Upon pre-approval, you may trade a smaller amount than approved, but not a larger amount.

OHA reserves the right (i) to withdraw a previously-granted pre-clearance at any time and/or (ii) to require an Employee or Access Person to break an in-progress trade prior to settlement. Therefore, it is recommended that an Employee or Access Person who receives approval to trade a given security execute immediately. Each Employee or Access Person understands and agrees that none of OHA, any of our affiliates nor OHAI shall have any liability to any Employee or Access Person for any delay in clearing, failing to clear, or withdrawing pre-clearance of a security trade.

No Employee or Access Person should ever disclose that he or she is prohibited from trading in a security, because such a communication could give rise to the inference that OHA intends to trade in that security or is in possession of MNPI about that issuer. If an Employee or Access Person does not obtain clearance to enter into a proposed trade, the Employee or Access Person should be careful not to signal to a third party (*e.g.,* a broker or co-trustee) why he or she is not entering into the proposed trade.

No Employee or Access Person may trade in a security of an issuer that is on OHA's Restricted List.

2. *Investments in a Limited Offering or Initial Public Offering (" **IPO** ").*

No Employee or Access Person shall acquire, directly or indirectly, any Beneficial Ownership in any private placement or IPO without first obtaining approval of the Compliance Group through the Compliance Science system. Once pre-approval is granted with respect to a private placement, the Employee or Access Person has until the end of the thirtieth calendar day following the date of approval to transact in that Reportable Security (Approval Date + 30 calendar days).

A private placement is a direct offering of securities to a limited number of sophisticated investors. Private placements are generally issued via a private placement memorandum. A private placement in an investment fund may be issued via a subscription agreement. An IPO is the first sale of a corporation's common shares in the public marketplace.

In order for an Employee or Access Person to invest in a private placement or IPO, (a) the Compliance Group must conclude that (i) the transaction would not breach OHA's fiduciary duty owed to Clients and (ii) no Client has any foreseeable interest in purchasing such security; and (b) the Employee shall conclude that his or her participation is permitted under FINRA Rule 5130 (Restrictions on the Purchase and Sale of IPOs of Equity Securities) and Rule 5131 (New Issue Allocations and Distributions). An Employee or Access Person shall not submit a pre-clearance request for a private placement or IPO unless and until he or she has concluded the trade is permitted under clause (b) above.

With regard to an investment in a private placement that is sponsored or approved by OHA, you are not required to submit a pre-clearance form for the initial investment or subscription to the private placement; however, trade and holdings reporting requirements will apply.

A.Employee Investments in Private Companies Not in Connection with a Limited Offering

Employees or Access Persons seeking to make or sell personal investments in private companies unaffiliated with the Firm (such as in a family member or friend's restaurant or retail store) must obtain advance approval through the Compliance Science system.

In addition, the personal investment must satisfy the requirements of Firm's policy on outside business activities.

B. Exceptions to Pre-Clearance Requirement

The pre-clearance restrictions for Reportable Securities noted above shall not apply to the following transactions, provided that Employees and Access Persons are nonetheless prohibited from engaging in transactions that violate the guiding principles of this Policy:

- Purchases, sales or other transactions effected in any account over which an Employee or Access Person has no direct or indirect influence or control. For example, if an Employee or Access Person has relatives that do not reside in the same household as the Employee or Access Person and the Employee or Access Person has no direct or indirect pecuniary interest in their accounts, then such accounts would not be subject to pre-clearance. Upon request, the Compliance Group (and not the Employee or Access Person) may determine if any transactions or accounts in the name of the Employee or Access Person or his or her Immediate Family Members residing in the same household fall outside the Employee's or Access Person's control (*e.g.* , if the transaction was an involuntary forced sale out of a margin account).

- Transactions by a broker or an investment advisor outside the Firm who has been given, in writing, complete discretionary management over your account; but only if the Employee or Access Person has no direct or indirect influence or control over such discretionary account and the written agreement is submitted to the Compliance Group. The Compliance Group (and not the Employee or Access Person) shall determine if any transactions or accounts in the name of the Employee or Access Person or his or her Immediate Family Members residing in the same household fall outside the Employee's or Access Person's control.

- Purchases that are part of an automatic investment plan. Employees or Access Persons enrolled in such automatic investment plans (other than DRPs) should notify the Compliance Group;

- Purchases effected upon the exercise of rights issued by an issuer pro-rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired;

- Acquisitions or dispositions of securities through stock dividends, dividend reinvestments, stock splits, reverse stock splits, mergers, consolidations, spin-offs, and other similar corporate reorganizations or distributions generally applicable to all holders of the same class of securities;

- Any investment grade fixed income securities transactions, or series of related transactions effected over a 30 calendar day period involving 500 units or less ($500,000 principal amount or less), in the aggregate, if the Employee or Access Person has no prior knowledge of recent or imminent transactions in such securities by a Client, and any derivative (such as an option) thereon, provided that the derivative transaction shall be counted toward the limit;

- Any investment grade sovereign securities transactions, if the Employee or Access Person has no prior knowledge of recent or imminent transactions in such sovereign credit by a Client, and any derivative (such as an option) thereon;

- Purchases or sales in municipal or state bonds and any derivative (such as an option), if the Employee or Access Person has no prior knowledge of recent or imminent transactions in such municipal or state bonds by a Client, and any derivative thereon;

- The assignment of options or exercise of an option at expiration;

- Any purchase or sale of any closed-end fund, unit investment trust or exchange-traded fund based on non-Reportable Securities or based on an index with 40 or more underlying securities, and any derivative (such as option) thereon, provided that the exception does not apply to any closed-end fund, unit investment trust or exchange-traded fund based on bank loan indices or high yield indices; and

- Any purchase or sale of any future or option on a securities index with 40 or more underlying securities, and any derivative (such as option) thereon, provided that the exception does not apply if the future or option is on bank loan indices or high yield indices.

For avoidance of doubt, Employee or Access Person discretionary purchases or sales of closed-end funds, unit investment trusts or exchange-traded funds based on bank loan indices or high yield indices and of futures or options on bank loan indices or high yield indices must be pre-cleared.

Notwithstanding anything set out above, all discretionary purchases or sales of mutual funds, business development companies or closed-end funds advised by the Firm must be pre-cleared.

C. No Short-Term Trading or Trading Contemporaneously with OHA

- Employees and Access Persons are prohibited from profiting in the purchase and sale, or sale and purchase, of a Reportable Security within 30 calendar days, whether or not the security is also held by a Client, unless such security is otherwise exempt from the pre-clearance requirements or the Employee or Access Person receives prior written approval from the Compliance Group.

- Based on all information available at the time of the trade request, Employees and Access Persons are prohibited from trading a security within 5 business days before OHA trades in that security for a Client.

- Employees and Access Persons are prohibited from trading in a security for 5 business days after OHA trades in that security for a Client.

- Employees and Access Persons are prohibited from trading any security that is actively being considered by OHA for purchase or sale by an OHA Client, or for which a buy or sell order is currently pending.

These prohibitions are designed to prohibit potential scalping, front running and piggybacking and to minimize the appearance that an Employee or Access Person is attempting to capitalize inappropriately on the market impact of trades in securities that may be held by an OHA Client.

D. Reporting Requirements

In order to provide OHA with information to enable it to determine with reasonable assurance any indications of scalping, front running, piggybacking, insider trading or the appearance of a conflict of interest with the trading for Clients, unless otherwise noted under *Exceptions to Reporting Requirements,* each Employee or Access Person shall submit the reports and forms described below to the Compliance Group showing all securities accounts and transactions in Reportable Securities in which the person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership except for Beneficial Ownership attributed to the fact that the Firm, an affiliate or a Client holds securities and an Employee or Access Person is serving as an officer, director or manager of the Firm. (Note that transactions in Reportable Securities excepted from the Firm's pre-clearance requirements pursuant to *Exceptions to Pre-Clearance Requirement* above are nonetheless subject to reporting requirements.)

Unless otherwise directed, all reports shall be submitted through the Compliance Science system.

E. New Employee Securities Accounts and Holdings Reports

New Employees and Access Persons are required to report all of their personal securities accounts and holdings in Reportable Securities to the Compliance Group not later than 10 days of the commencement of their employment on the *Initial Holdings Reports Form* set out in *Exhibit A* hereto, or in such other manner as required by the Compliance Group. The report must be current as of a date not more than 45 days prior to the date the person becomes an Employee or Access Person.

F. Annual Securities Accounts and Holdings Reports

Employees and Access Persons are required to provide the Compliance Group with a complete list of securities accounts and holdings in Reportable Securities on an annual basis, upon request by the Compliance Group. The report shall be current as of a date no earlier than 45 days prior to such reporting date, on the Compliance Science system.

G. Quarterly Transaction Reports

Employees and Access Persons are required to disclose as soon as possible and in no event later than thirty days after the end of the calendar quarter the opening or closing of any brokerage accounts and transactions in Reportable Securities (including private and publicly traded securities) entered into in such calendar quarter. Transactions may be disclosed on a duplicate brokerage account statement delivered to OHA during or within 30 days of the end of the quarter, including on the Compliance Science system (for additional details, see Section I below entitled *Copies of Duplicate Brokerage Account Statements*).

Transactions in publicly traded securities not disclosed on a brokerage account statement (*e.g.* , the exercise of a stock option) and transactions in privately held securities (*e.g.* , private placement) shall be reported on the Compliance Science system manually or in such other manner as required by the Compliance Group.

Please note that with respect to the disclosure of securities accounts, Employees and Access Persons must disclose the names of all applicable securities accounts, even if there are no Reportable Securities held in the account at the time of disclosure (or as of the reporting date).

Employees and Access Persons are reminded that the reporting requirements apply also to securities and accounts of Immediate Family Members living in your household.

H. Copies of Duplicate Brokerage Account Statements

In order to help reasonably ensure that duplicate brokerage account statements are received for all securities accounts in which an Employee or Access Person or their Immediate Family Member living in their household may transact in Reportable Securities, Employees and Access Persons are required to set-up automatic electronic or postal delivery of brokerage account statements. Employees and Access Persons may, if appropriate, use the *Duplicate Brokerage Account Request Letter* (" **Brokerage Letter** "), attached as *Exhibit B* hereto, promptly after the commencement of their employment and after opening any new brokerage account thereafter.

DIRECTORS OF OHAI

A.Approval of Material Changes

The Board of Directors of OHAI, including a majority of directors who are not "interested persons" within the meaning of Section 2(a)(19) of the 1940 Act (*i.e.,* "independent directors"), must approve any material changes to the Code of Ethics. Before approving any material change to the Code of Ethics, the Board of Directors must receive a certification from OHAI and OHA that each has adopted procedures reasonably necessary to prevent Employees and Access Persons from violating such Code of Ethics. The Board must approve material changes to the Code of Ethics no later than six months after adoption of the material change.

B. Applicability of Reporting and Pre-Clearance to Directors

Notwithstanding anything to the contrary elsewhere in this Policy, Directors of OHAI that are independent directors are exempt from all reporting and pre-clearance requirements, *provided that* all Directors must pre-clear and report any transactions and holdings in (i) shares of OHAI and (ii) interests in any Reportable Security if the Director knew or, in the ordinary course of fulfilling his or her official duties as a Director of OHAI, should have known that during the 15-day period immediately before or after the director's transaction in a Reportable Security, OHAI purchased or sold the Reportable Security, or OHAI or the Advisor on behalf of OHAI considered purchasing or selling the Reportable Security.

Independent directors of OHAI that are required to pre-clear pursuant to the above paragraph should submit the *OHAI Independent Director Pre-Clearance Form* , attached as *Exhibit C* hereto, to the CCO of OHAI. After completing any transaction pursuant to the above paragraph, independent directors of OHAI should submit the *OHAI Independent Director Transaction Report* , attached as *Exhibit D* hereto, to the CCO of OHAI.

C. Annual Report to the Board

The Chief Compliance Officer of OHAI shall prepare and the Board of Directors of OHAI shall consider, no less frequently than annually, a written report that (i) describes any issues under this Policy since the previous report including, but not limited to, information about material violations of this Policy and sanctions imposed in response to the material violations and (ii) certifies that OHAI and the Advisor have adopted procedures reasonably necessary to prevent Employees and Access Persons from violating the Policy.

RECORDS

The Firm shall maintain records in such a manner as to be available for appropriate examination by representatives of the SEC, subject to attorney-client privilege. A copy of this Policy and any other Code of Ethics which is, or at any time within the past six years has been, in effect shall be preserved in an easily accessible place.

A copy of each report made pursuant to this Policy by the Compliance Group or another Employee, including any information provided in lieu of reports, shall be preserved by the Firm for at least six years from the date the document was created or last altered (whichever is more recent), the first two years in an easily accessible place.

A list of all persons who are, or within the past six years have been, required to make reports pursuant to this Policy, or who are or were responsible for reviewing these reports, shall be maintained in an easily accessible place.

With respect to OHAI, a record of any violation of this Policy, and of any action taken as a result of the violation, shall be maintained in an easily accessible place for at least five years after the end of the fiscal year in which the violation occurs.

With respect to OHAI, a copy of each report required to be given to the board of directors of OHAI (as described under "Review," below) shall be maintained for at least five years after the end of the fiscal year in which it is made, the first two years in an easily accessible place.

The Firm shall preserve a record of any decision, and the reasons supporting the decision, to approve the acquisition of any IPO by an Employee or Access Person for at least six years from the date the document was created or last altered (whichever is more recent), the first two years in an easily accessible place.

Employees are required to report any violations of this Policy promptly to the Compliance Group.

TRAINING

The Compliance Group conducts periodic training programs on this Policy. All persons who are invited are required to attend.

REVIEW

The Compliance Group shall review at least annually the provisions of this Policy, including upon any material change to the Firm's business or operations and upon any other change in circumstances that may have a material impact upon this Policy.

QUESTIONS

Please direct any questions about this Policy to the Compliance Group.

CERTIFICATION

All Employees shall be asked to certify upon commencement of their employment or upon becoming an Access Person and each time this Policy is amended that they have read and understand this Policy and that they agree to comply with it. In addition, all Employees and Access Persons shall be asked to re-certify periodically that they have read and understand this Policy and are in compliance with the current Policy.

EXHIBIT A

INITIAL & ANNUAL HOLDINGS REPORT – SECURITIES ACCOUNTS

Employee __

This information is current as of the latest calendar quarter-end or, if later, my start date (whether as an Employee or Access Person). Start date (if applicable): ______________________________

	Name of Broker-Dealer or Bank	Account Title (as Shown on Statement)	Name on Account	Account Number	Can Account Hold Reportable Securities (Y/N)	Managed Account (Y/N)	

Use additional sheets as necessary.

I certify that this form fully discloses all securities accounts (including 401(k) and IRA accounts) in which I or an immediate family member living in my household has a direct or indirect economic interest.

Signature: Date:

INITIAL & ANNUAL HOLDINGS REPORT

PUBLICLY TRADED AND PRIVATELY HELD SECURITIES

Employee _

This information is current as of the latest calendar quarter-end or, if later, my start date (whether as an Employee or Access Person). Start date (if applicable): ___________________

Security Name	**Number of Shares**	**Principal Amount**	**Security Type**	**Ticker or CUSIP** (if applicable)	**Custodian (Bank or Broker-Dealer)**	

Use additional sheets as necessary.

I certify that this form fully discloses all Reportable Securities (which includes interests in LPs and LLCs) in which I or an immediate family member living in my household has a direct or indirect economic interest. This includes securities held by a broker-dealer, at my home, in a safe deposit box or by an issuer. For securities reflected in brokerage account statements, please attach copies of holdings statements.

_ _

Signature Date

EXHIBIT B

DUPLICATE BROKERAGE ACCOUNT STATEMENT REQUEST LETTER

Date: ____________

Brokerage Firm: ________

Address: __________

____

Re: Account No(s). ________

Account Name(s) ________

Dear Sir or Madam,

Starting immediately and on a go-forward basis until instructed otherwise, please send duplicate brokerage account statements for the above named account(s) to:

Oak Hill Advisors, L.P.
Attn: Chief Compliance Officer
1114 Avenue of the Americas, 27th Floor
New York, New York 10036

If you have any questions or concerns, please contact the Chief Compliance Officer at (212) 326-1500. Thank you for your immediate attention to this matter.

Sincerely,

EXHIBIT C

OHAI INDEPENDENT DIRECTOR PRE-CLEARANCE FORM

****AN EXECUTED COPY OF THIS FORM MUST BE PROVIDED TO THE CCO OF OHAI****

TO: Chief Compliance Officer, OHAI	FROM: ______________________________

If you are seeking authorization to enter into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, or to amend a previously adopted plan, please check the following box, and attach the trading plan to this Form : □

If you are seeking authorization to execute a trade in your personal brokerage account (or in the brokerage account of an immediate family member living in your household), please complete the following:

Date of Trade Authorization Request: _________	Name of Security: ______________________
Type of Order (buy 500 shares, etc.): ___________________________	Name and Address of Beneficial Owner: ______________________________________

All Independent Directors must answer the following:

To your knowledge, do you possess material non-public information regarding the security or the issuer of the security?	Yes	_______	No	_______
To your knowledge, is there a blackout period in effect with respect to the security?	Yes	_______	No	_______
To your knowledge, in the fifteen (15) days before or after your proposed transaction, has OHAI purchased or sold the security, or considered purchasing or selling the security?	Yes	_______	No	_______
Have you, (or any of your immediate family members living in your household) purchased or sold the security (or equivalent securities) in the prior 30 calendar days ?	Yes	_______	No	_______

Authorization, if granted, to trade in the requested security shall expire ***at the end of the second business day following the date of approval or upon notification that authorization to trade in this security is terminated*** . You may trade a smaller amount than approved, but trades exceeding approved amounts require separate approval.

TO BE COMPLETED BY CCO OF OHAI:

Has OHAI traded in the security within the five (5) business days prior to this trade request?		Yes		No	
__________ Approval Date	__ Chief Compliance Officer, OHAI	______________ Expiration Date			

EXHIBIT D

OHAI INDEPENDENT DIRECTOR TRANSACTION REPORT

****AN EXECUTED COPY OF THIS FORM MUST BE PROVIDED TO THE CCO OF OHAI****

TO: Chief Compliance Officer, OHAI FROM: ______________________________

I hereby report the following trade in my personal brokerage account (or in the brokerage account of an immediate family member living in my household) :

Date of Trade: _________	Title of Security: ______________________
Type of Order (purchase, sale, other acquisition or disposition): ___________________________	Number of Shares/Principal Amount: ______________________________________
Interest Rate/Maturity Date (if applicable): ___________________________	Price: __________________________
Name of Broker, Dealer or Bank: __________________________	

Report submitted by:

____

Signature

Date: ________________________

Exhibit 21.1

OHA INVESTMENT CORPORATION

SUBSIDIARIES

1. OHA Funding GP, LLC, a Texas limited liability company

2. OHA Nevada, LLC, a Nevada limited liability company

3. OHA Funding, LP, a Texas limited partnership

4. OHA Asset Holdings GP, LLC, a Texas limited liability company

5. OHA Asset Holdings, LP, a Texas limited partnership

6. OHA Asset Holdings II, LP, a Texas limited partnership

7. OHA Asset Holdings III, LP, a Texas limited partnership

8. OHA Asset Holdings V, LP, a Texas limited partnership

9. OHA Asset Holdings VI, LP, a Texas limited partnership

10. OHA/OCI Holdings, LLC, a Delaware limited liability company

Exhibit 31.1

Certification Required by Rule 13a-14(a) or Rule 15d-14(a)

I, Steven T. Wayne, certify that:

1. I have reviewed this annual report on Form 10-K of OHA Investment 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.

Date: March 15, 2016

/s/ STEVEN T. WAYNE

Steven T. Wayne

President and Chief Executive Officer

Exhibit 31.2

Certification Required by Rule 13a-14(a) or Rule 15d-14(a)

I, Cory E. Gilbert, certify that:

1. I have reviewed this annual report on Form 10-K of OHA Investment 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.

Date: March 15, 2016

/s/ CORY E. GILBERT

Cory E. Gilbert

Chief Financial Officer and Treasurer

Exhibit 32.1

Certification required by Rule 13a-14(b) or Rule 15d-14(b) and

Section 1350 of Chapter 63 of Title 18 of the United States Code

In connection with the Annual Report of OHA Investment Corporation (the "Company") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steve T. Wayne, President and 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 to my knowledge:

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

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

Date: March 15, 2016	/s/ STEVEN T. WAYNE
	Steven T. Wayne
	President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to OHA Investment Corporation and will be retained by OHA Investment Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification required by Rule 13a-14(b) or Rule 15d-14(b) and

Section 1350 of Chapter 63 of Title 18 of the United States Code

In connection with the Annual Report of OHA Investment Corporation (the "Company") on Form 10-K for the year ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Cory E. Gilbert, Chief Financial Officer and Treasurer 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 to my knowledge:

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

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

Date: March 15, 2016

/s/ CORY E. GILBERT

Cory E. Gilbert

Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to OHA Investment Corporation and will be retained by OHA Investment Corporation and furnished to the Securities and Exchange Commission or its staff upon request.