

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from _____ to _____

Commission file number 814-00733

Triangle Capital Corporation

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

06-1798488
(I.R.S. Employer
Identification No.)

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

27612
(Zip Code)

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

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

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

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

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

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

The number of shares outstanding of the registrant's Common Stock on May 2, 2012 was 27,263,151.

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PART I – FINANCIAL INFORMATION

Item 1. *Financial Statements.*

TRIANGLE CAPITAL CORPORATION
Consolidated Balance Sheets

	March 31, 2012 (Unaudited)	December 31, 2011
Assets		
Investments at fair value:		
Non–Control / Non–Affiliate investments (cost of \$424,962,392 and \$389,312,451 at March 31, 2012 and December 31, 2011, respectively)	\$436,419,052	\$396,502,490
Affiliate investments (cost of \$98,502,634 and \$97,751,264 at March 31, 2012 and December 31, 2011, respectively)	101,197,149	103,266,298
Control investments (cost of \$11,464,968 and \$11,278,339 at March 31, 2012 and December 31, 2011, respectively)	6,818,996	7,309,787
Total investments at fair value	544,435,197	507,078,575
Cash and cash equivalents	142,514,158	66,868,340
Interest and fees receivable	2,745,074	1,883,395
Prepaid expenses and other current assets	470,126	623,318
Deferred financing fees	8,485,166	6,682,889
Property and equipment, net	60,611	58,304
Total assets	\$698,710,332	\$583,194,821
Liabilities		
Accounts payable and accrued liabilities	\$ 1,510,224	\$ 4,116,822
Interest payable	1,205,864	3,521,932
Taxes payable	203,893	1,402,866
Deferred income taxes	775,953	628,742
Borrowings under credit facility	—	15,000,000
Senior notes	69,000,000	—
SBA-guaranteed debentures payable	213,871,133	224,237,504
Total liabilities	286,567,067	248,907,866
Net Assets		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 27,263,151 and 22,774,726 shares issued and outstanding as of March 31, 2012 and December 31, 2011, respectively)	27,263	22,775
Additional paid-in-capital	396,320,487	318,297,269
Investment income in excess of distributions	6,054,619	6,847,486
Accumulated realized gains on investments	1,011,649	1,011,649
Net unrealized appreciation of investments	8,729,247	8,107,776
Total net assets	412,143,265	334,286,955
Total liabilities and net assets	\$698,710,332	\$583,194,821
Net asset value per share	\$ 15.12	\$ 14.68

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Operations

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Investment income:		
Loan interest, fee and dividend income:		
Non-Control / Non-Affiliate investments	\$12,963,602	\$ 8,749,449
Affiliate investments	2,717,149	1,374,243
Control investments	59,773	258,268
Total loan interest, fee and dividend income	15,740,524	10,381,960
Paid-in-kind interest income:		
Non-Control / Non-Affiliate investments	2,587,267	1,481,820
Affiliate investments	654,233	395,171
Control investments	19,971	65,297
Total paid-in-kind interest income	3,261,471	1,942,288
Interest income from cash and cash equivalent investments	109,858	101,149
Total investment income	19,111,853	12,425,397
Expenses:		
Interest and credit facility fees	3,087,820	1,989,984
Amortization of deferred financing fees	222,917	152,173
General and administrative expenses	3,607,267	2,397,523
Total expenses	6,918,004	4,539,680
Net investment income	12,193,849	7,885,717
Net unrealized appreciation of investments	621,471	4,595,755
Total net gain on investments before income taxes	621,471	4,595,755
Loss on extinguishment of debt	(205,043)	(157,590)
Income tax benefit	7,231	27,359
Net increase in net assets resulting from operations	\$12,617,508	\$12,351,241
Net investment income per share—basic and diluted	\$ 0.49	\$ 0.47
Net increase in net assets resulting from operations per share—basic and diluted	\$ 0.50	\$ 0.73
Dividends declared per common share	\$ 0.47	\$ 0.42
Weighted average number of shares outstanding—basic and diluted	25,075,300	16,848,570

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Changes in Net Assets

	Common Stock		Additional Paid In Capital	Investment Income in Excess of (Less Than) Distributions	Accumulated Realized Gains (Losses) on Investments	Net Unrealized Appreciation (Depreciation) of Investments	Total Net Assets
	Number of Shares	Par Value					
Balance, January 1, 2011	14,928,987	\$14,929	\$183,602,755	\$ 3,365,548	\$(8,244,376)	\$ 1,740,303	\$180,479,159
Net investment income	—	—	—	7,885,717	—	—	7,885,717
Stock-based compensation	—	—	414,329	—	—	—	414,329
Net unrealized gains on investments	—	—	—	—	—	4,595,755	4,595,755
Loss on extinguishment of debt	—	—	—	(157,590)	—	—	(157,590)
Income tax benefit	—	—	—	27,359	—	—	27,359
Dividends/distributions declared	61,766	62	1,094,444	(7,773,397)	—	—	(6,678,891)
Public offering of common stock	3,450,000	3,450	63,134,805	—	—	—	63,138,255
Issuance of restricted stock	152,779	153	(153)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(23,676)	(24)	(485,571)	—	—	—	(485,595)
Balance, March 31, 2011	18,569,856	\$18,570	\$247,760,609	\$ 3,347,637	\$(8,244,376)	\$ 6,336,058	\$249,218,498

	Common Stock		Additional Paid In Capital	Investment Income in Excess of (Less Than) Distributions	Accumulated Realized Gains (Losses) on Investments	Net Unrealized Appreciation (Depreciation) of Investments	Total Net Assets
	Number of Shares	Par Value					
Balance, January 1, 2012	22,774,726	\$22,775	\$318,297,269	\$ 6,847,486	\$1,011,649	\$ 8,107,776	\$334,286,955
Net investment income	—	—	—	12,193,849	—	—	12,193,849
Stock-based compensation	—	—	648,750	—	—	—	648,750
Net unrealized gains on investments	—	—	—	—	—	621,471	621,471
Loss on extinguishment of debt	—	—	—	(205,043)	—	—	(205,043)
Income tax benefit	—	—	—	7,231	—	—	7,231
Dividends/distributions declared	52,717	52	1,028,467	(12,788,904)	—	—	(11,760,385)
Public offering of common stock	4,255,000	4,255	77,243,819	—	—	—	77,248,074
Issuance of restricted stock	227,631	228	(228)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(46,923)	(47)	(897,590)	—	—	—	(897,637)
Balance, March 31, 2012	27,263,151	\$27,263	\$396,320,487	\$ 6,054,619	\$1,011,649	\$ 8,729,247	\$412,143,265

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 12,617,508	\$ 12,351,241
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Purchases of portfolio investments	(41,952,989)	(68,275,512)
Repayments received/sales of portfolio investments	8,253,844	14,936,864
Loan origination and other fees received	666,420	1,466,292
Net unrealized appreciation of investments	(768,682)	(4,789,955)
Deferred income taxes	147,211	194,200
Payment-in-kind interest accrued, net of payments received	(2,704,362)	(857,493)
Amortization of deferred financing fees	222,917	152,173
Loss on extinguishment of debt	205,043	157,590
Accretion of loan origination and other fees	(476,512)	(415,247)
Accretion of loan discounts	(374,341)	(260,986)
Accretion of discount on SBA-guaranteed debentures payable	43,629	42,378
Depreciation expense	7,349	7,064
Stock-based compensation	648,750	414,329
Changes in operating assets and liabilities:		
Interest and fees receivable	(861,679)	(532,986)
Prepaid expenses	153,192	(218,943)
Accounts payable and accrued liabilities	(2,606,598)	(1,341,160)
Interest payable	(2,316,068)	(1,774,828)
Deferred revenue	—	5,287
Taxes payable	(1,198,973)	(191,672)
Net cash used in operating activities	<u>(30,294,341)</u>	<u>(48,931,364)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(9,656)	(18,115)
Net cash used in investing activities	<u>(9,656)</u>	<u>(18,115)</u>
Cash flows from financing activities:		
Borrowings under SBA-guaranteed debentures payable	—	21,600,000
Repayments of SBA-guaranteed debentures payable	(10,410,000)	(9,500,000)
Repayments of credit facility	(15,000,000)	—
Proceeds from senior notes	69,000,000	—
Financing fees paid	(2,230,237)	(523,801)
Proceeds from public stock offerings, net of expenses	77,248,074	63,138,255
Common stock withheld for payroll taxes upon vesting of restricted stock	(897,637)	(485,595)
Cash dividends paid	(11,760,385)	(6,678,891)
Net cash provided by financing activities	<u>105,949,815</u>	<u>67,549,968</u>
Net increase in cash and cash equivalents	75,645,818	18,600,489
Cash and cash equivalents, beginning of period	66,868,340	54,820,222
Cash and cash equivalents, end of period	<u>\$142,514,158</u>	<u>\$ 73,420,711</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 5,289,789</u>	<u>\$ 3,722,434</u>

See accompanying notes.

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Schedule of Investments
March 31, 2012

<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
<i>Non-Control / Non-Affiliate Investments:</i>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (1%)*	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13)	\$ 4,159,154	\$ 4,138,386	\$ 4,138,386
		Subordinated Note-PHM (12% Cash, Due 09/12)	12,857	12,857	12,857
		Common Stock-PHM (128,571 shares)		128,571	128,571
		Common Stock Warrants-AA (455 shares)		142,361	841,000
			<u>4,172,011</u>	<u>4,422,175</u>	<u>5,120,814</u>
Ann's House of Nuts, Inc. (3%)*	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17)	7,098,742	6,745,782	6,745,782
		Preferred A Units (22,368 units)		2,124,957	2,400,000
		Preferred B Units (10,380 units)		986,059	1,244,000
		Common Units (190,935 units)		150,000	—
		Common Stock Warrants (14,558 shares)		14,558	—
			<u>7,098,842</u>	<u>10,021,356</u>	<u>10,389,782</u>
Aramco, Inc. (0%)	Environmental Emergency Preparedness Products Distributor	Subordinated Note (12% Cash, 2% PIK, Due 03/14)	1,747,290	1,632,143	1,632,143
			<u>1,747,290</u>	<u>1,632,143</u>	<u>1,632,143</u>
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 Shares)		516,867	798,000
				<u>516,867</u>	<u>798,000</u>
BioSan Laboratories, Inc. (1%)*	Nutritional Supplement Manufacturing and Distribution	Subordinated Note (12% Cash, 3.8% PIK, Due 10/16)	5,326,311	5,233,287	5,233,287
			<u>5,326,311</u>	<u>5,233,287</u>	<u>5,233,287</u>
Botanical Laboratories, Inc. (2%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, 1% PIK, Due 02/15)	9,887,499	9,386,329	9,386,329
		Common Unit Warrants (998,680 Units)		474,600	—
			<u>9,887,499</u>	<u>9,860,929</u>	<u>9,386,329</u>
Capital Contractors, Inc. (2%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15)	9,231,740	8,692,515	8,692,515
		Common Stock Warrants (20 shares)		492,000	406,000
			<u>9,231,740</u>	<u>9,184,515</u>	<u>9,098,515</u>
Carolina Beverage Group, LLC (3%)*	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16)	13,394,977	13,200,222	13,200,222
		Class A Units (11,974 Units)		1,077,615	1,193,000
		Class B Units (11,974 Units)		119,735	—
				<u>13,394,977</u>	<u>14,397,572</u>
Continental Anesthesia Management, LLC (2%)*	Physicians Management Services	Senior Note (13.5% Cash, Due 11/14)	10,200,000	9,917,463	9,917,463
		Warrant (263 shares)		276,100	115,000
			<u>10,200,000</u>	<u>10,193,563</u>	<u>10,032,463</u>
CRS Reprocessing, LLC (6%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15)	11,414,774	11,103,141	11,103,141
		Subordinated Note (12% Cash, 2% PIK, Due 11/15)	11,072,372	10,126,929	10,126,929
		Series C Preferred Units (26 Units)		288,342	463,000
		Common Unit Warrant (550 Units)		1,253,556	4,065,000
			<u>22,487,146</u>	<u>22,771,968</u>	<u>25,758,070</u>
CV Holdings, LLC (4%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13)	9,373,192	8,996,545	8,996,545
		Subordinated Note (12% Cash, Due 09/13)	6,000,000	5,923,793	5,923,793
		Royalty rights		874,400	832,000
			<u>15,373,192</u>	<u>15,794,738</u>	<u>15,752,338</u>
DLR Restaurants, LLC (3%)*	Restaurant	Subordinated Note (12% Cash, 3% PIK, Due 03/16)	10,741,488	10,538,856	10,538,856
		Subordinated Note (12% Cash, 4% PIK, Due 03/16)	759,713	759,713	759,713
		Royalty rights		—	—
			<u>11,501,201</u>	<u>11,298,569</u>	<u>11,298,569</u>
Electronic Systems Protection, Inc. (1%)*	Power Protection Systems	Subordinated Note (12% Cash, 2% PIK, Due 12/15)	4,183,612	4,150,879	4,150,879
		Common Stock (570 shares)			

	Manufacturing		<u>285,000</u>	<u>369,000</u>
		4,183,612	4,435,879	4,519,879
Frozen Specialties, Inc. (2%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	<u>8,586,345</u>	<u>8,506,946</u>
			8,586,345	8,506,946

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Schedule of Investments
March 31, 2012

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Garden Fresh Restaurant Corp. (0%)*	Restaurant	Membership Units (5,000 units)		\$ 500,000	\$ 740,000
				500,000	740,000
Grindmaster-Cecilware Corp. (1%)*	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 6% PIK, Due 04/16)	6,369,993	6,298,897	5,529,000
			6,369,993	6,298,897	5,529,000
Hatch Chile Co., LLC (1%)*	Food Products Distributor	Senior Note (19% Cash, Due 07/15)	4,500,000	4,415,726	4,415,726
		Subordinated Note (14% Cash, Due 07/15)	1,000,000	873,286	873,286
		Unit Purchase Warrant (5,265 Units)		149,800	267,000
			5,500,000	5,438,812	5,556,012
Home Physicians, LLC ("HP") and Home Physicians Holdings, LP ("HPH") (2%)*	In-home primary care physician services	Subordinated Note—HP (12% Cash, 5% PIK, Due 03/16)	10,789,319	10,599,352	9,300,000
		Subordinated Note—HPH (4% Cash, 6% PIK, Due 03/16)	1,303,361	1,303,361	—
		Subordinated Note—HP (14% Cash, 2% PIK, Due 3/16)	602,970	591,498	591,498
		Royalty rights		—	—
		12,695,650	12,494,211	9,891,498	
Infrastructure Corporation of America, Inc. (3%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15)	10,906,338	9,958,194	9,958,194
		Common Stock Purchase Warrant (199,526 shares)		980,000	1,255,000
			10,906,338	10,938,194	11,213,194
Inland Pipe Rehabilitation Holding Company LLC (5%)*	Cleaning and Repair Services	Subordinated Note (13% Cash, 2.5% PIK, Due 12/16)	20,405,615	20,135,203	20,135,203
		Membership Interest Purchase Warrant (3.0%)		853,500	2,198,000
			20,405,615	20,988,703	22,333,203
Library Systems & Services, LLC (1%)*	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15)	5,309,720	5,196,733	5,196,733
		Common Stock Warrants (112 shares)		58,995	771,000
			5,309,720	5,255,728	5,967,733
Magpul Industries Corp. (4%)	Firearm Accessories Manufacturer and Distributor	Subordinated Note (12% Cash, 3% PIK, Due 03/17)	13,300,000	13,051,683	13,051,683
		Preferred Units (1,470 Units)		1,470,000	1,583,000
		Common Units (30,000 Units)		30,000	1,050,000
			13,300,000	14,551,683	15,684,683
Media Storm, LLC (2%)*	Marketing Services	Subordinated Note (12% Cash, 2% PIK, Due 10/17)	8,574,772	8,494,784	8,494,784
		Membership Units (1,216,204 Units)		1,216,204	1,216,204
			8,574,772	9,710,988	9,710,988
Media Temple, Inc. (4%)*	Web Hosting Services	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	8,800,000	8,667,526	8,667,526
		Convertible Note (8% Cash, 6% PIK, Due 04/15)	3,200,000	2,806,774	5,099,000
		Common Stock Purchase Warrant (28,000 Shares)		536,000	2,231,000
			12,000,000	12,010,300	15,997,526
Minco Technology Labs, LLC (1%)*	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16)	5,315,744	5,217,911	5,217,911
		Class A Units (5,000 Units)		500,000	83,000
			5,315,744	5,717,911	5,300,911
National Investment Managers Inc. (3%)*	Retirement Plan Administrator	Subordinated Note (11% Cash, 5% PIK, Due 09/16)	11,850,947	11,609,186	11,609,186
		Preferred A Units (90,000 Units)		900,000	479,000
		Common Units (10,000 Units)		100,000	—
			11,850,947	12,609,186	12,088,186
Novolyte Technologies, Inc. (3%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 4% PIK, Due 07/16)	7,337,631	7,221,971	7,221,971
		Subordinated Note (12% Cash, 4% PIK, Due 07/16)	2,358,525	2,321,349	2,321,349
		Preferred Units (641 units)		661,227	874,000
		Common Units (24,522 units)		165,306	2,198,000
			9,696,156	10,369,853	12,615,320
Pomeroy IT Solutions (2%)*	Information Technology Outsourcing Services	Subordinated Notes (13% Cash, 2% PIK, Due 02/16)	10,232,670	10,017,621	10,017,621
			10,232,670	10,017,621	10,017,621
PowerDirect Marketing, LLC (2%)*	Marketing Services	Subordinated Note (12% Cash, 2% PIK, Due 05/16)	8,142,017	7,643,193	7,643,193
		Common Unit Purchase Warrants		402,000	736,000
			8,142,017	8,045,193	8,379,193

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TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Schedule of Investments
March 31, 2012

Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Renew Life Formulas, Inc. (3%)*	Nutritional Supplement Manufacturing and Distribution	Subordinated Notes (12% Cash, 2% PIK, Due 03/15)	\$ 13,283,019	\$ 13,052,984	\$ 13,052,984
			13,283,019	13,052,984	13,052,984
ROM Acquisition Corporation (2%)*	Military and Industrial Vehicles Equipment Manufacturing	Subordinated Note (12% Cash, 3% PIK, Due 3/17)	8,500,000	8,415,000	8,415,000
			8,500,000	8,415,000	8,415,000
Sheplers, Inc. (3%)*	Western Apparel Retailer	Subordinated Note (13.15% Cash, Due 12/16)	8,750,000	8,539,166	8,539,166
			3,823,585	3,751,521	3,751,521
		Subordinated Note (10% Cash, 7% PIK, Due 12/17)	12,573,585	12,290,687	12,290,687
SRC, Inc. (2%)*	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14)	8,924,137	8,701,808	8,701,808
			8,924,137	123,800	—
		Common Stock Purchase Warrants	8,924,137	8,825,608	8,701,808
Stella Environmental Services, LLC (1%)*	Waste Transfer Stations	Subordinated Notes (12% Cash, 3.5% PIK, Due 2/17)	6,277,344	6,132,344	6,132,344
			6,277,344	20,000	20,000
		Common Stock Purchase Warrants	6,277,344	6,152,344	6,152,344
Syrgis Holdings, Inc. (1%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	2,063,764	2,059,161	2,059,161
			2,063,764	1,000,000	1,625,000
		Class C Units (2,114 units)	2,063,764	3,059,161	3,684,161
The Krystal Company (3%)*	Quick Serve Restaurants	Subordinated Note (12% Cash, 3% PIK, Due 6/17)	12,232,203	11,987,783	11,987,783
			12,232,203	2,000,000	2,000,000
		Class A Units of Limited Partnership	12,232,203	13,987,783	13,987,783
TMR Automotive Service Supply, LLC (1%)	Automotive Supplies	Subordinated Note (12% Cash, 1% PIK, Due 03/16)	4,750,000	4,500,930	4,500,930
			4,750,000	195,000	322,000
		Unit Purchase Warrant (329,518 units)	4,750,000	4,695,930	4,822,930
Top Knobs USA, Inc. (3%)	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17)	10,486,949	10,338,011	10,338,011
			10,486,949	750,000	763,000
		Common Stock (26,593 shares)	10,486,949	11,088,011	11,101,011
Trinity Consultants Holdings, Inc. (2%)*	Air Quality Consulting Services	Subordinated Note (12% Cash, 2.5% PIK, Due 11/17)	7,262,200	7,122,383	7,122,383
			7,262,200	950,000	950,000
		Series A Preferred Stock (10,000 units)	7,262,200	50,000	50,000
		Common Stock (55,556 units)	7,262,200	8,122,383	8,122,383
TrustHouse Services Group, Inc. (3%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 07/18)	13,429,668	13,208,258	13,208,258
			13,429,668	512,124	872,000
		Class A Units (1,557 units)	13,429,668	26,954	31,000
		Class B Units (82 units)	13,429,668	13,747,336	14,111,258
Tulsa Inspection Resources, Inc. (2%)*	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14)	5,810,588	5,597,045	5,597,045
			5,810,588	407,000	169,000
		Common Unit (1 unit)	5,810,588	321,000	904,000
		Common Stock Warrants (8 shares)	5,810,588	6,325,045	6,670,045
Twin-Star International, Inc. (1%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14)	4,500,000	4,479,768	4,479,768
			4,500,000	1,049,490	1,049,490
		Senior Note (4.4%, Due 04/13)	4,500,000	5,529,258	5,529,258
United Biologics, LLC (3%)*	Allergy Immunotherapy Services	Subordinated Note (12% Cash, 2% PIK, Due 03/17)	10,015,000	8,976,883	8,976,883
			10,015,000	1,999,989	1,999,989
		Class A Common Stock (177,935 shares)	10,015,000	838,117	838,117
		Class A & Class B Unit Purchase Warrants	10,015,000	11,814,989	11,814,989
Wholesale Floors, Inc. (1%)*	Commercial Services	Subordinated Note (12.5% Cash, 3.5% PIK, Due 06/14)	3,892,041	3,814,306	3,814,306
			3,892,041	132,800	—
		Membership Interest Purchase Warrant (4.0%)	3,892,041	3,947,106	3,814,306

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>	
Workforce Software, LLC (2%)*	Software Provider	Subordinated Note (11% Cash, 3% PIK, Due 11/16)	\$ 7,000,000	\$ 6,100,883	\$ 6,100,883	
		Class B Preferred Units (1,020,000 units)		1,020,000	1,055,000	
		Common Unit Purchase Warrants (2,224,561 units)			782,300	1,259,000
			<u>7,000,000</u>	<u>7,903,183</u>	<u>8,414,883</u>	
Yellowstone Landscape Group, Inc. (3%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	<u>12,912,344</u>	<u>12,787,797</u>	<u>12,787,797</u>	
			<u>12,912,344</u>	<u>12,787,797</u>	<u>12,787,797</u>	
Subtotal Non-Control / Non-Affiliate Investments			408,452,020	424,962,392	436,419,052	
<u>Affiliate Investments:</u>						
American De-Rosa Lamparts, LLC and Hallmark Lighting (1%)*	Wholesale and Distribution	Subordinated Note (12% Cash, 6% PIK, Due 10/13)	6,149,120	5,229,264	5,229,264	
		Membership Units (6,516 Units)		<u>350,000</u>	<u>—</u>	
			<u>6,149,120</u>	<u>5,579,264</u>	<u>5,229,264</u>	
AP Services, Inc. (1%)*	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	4,373,582	4,285,506	4,285,506	
		Class A Units (933 units)		933,333	1,177,000	
		Class B Units (496 units)		<u>—</u>	<u>67,000</u>	
			<u>4,373,582</u>	<u>5,218,839</u>	<u>5,529,506</u>	
Asset Point, LLC (1%)*	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13)	6,131,799	6,106,812	6,106,812	
		Senior Note (12% Cash, 2% PIK, Due 07/15)	620,700	620,700	555,000	
		Subordinated Note (7% Cash, Due 03/13)	941,798	941,798	831,000	
		Membership Units (1,000,000 units)		8,203	373,000	
		Options to Purchase Membership Units (342,407 units)			500,000	167,000
		Membership Unit Warrants (356,506 units)		<u>—</u>	<u>2,000</u>	
			<u>7,694,297</u>	<u>8,177,513</u>	<u>8,034,812</u>	
Axxiom Manufacturing, Inc. (0%)*	Industrial Equipment Manufacturer	Common Stock (136,400 shares)		200,000	1,232,000	
		Common Stock Warrant (4,000 shares)		<u>—</u>	<u>36,000</u>	
				<u>200,000</u>	<u>1,268,000</u>	
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street") (4) (1%)*	Oil and Gas Services	Subordinated Note—Brantley Transportation (14% Cash, 5% PIK, Due 12/12)	3,997,731	3,973,079	3,973,079	
		Common Unit Warrants—Brantley Transportation (4,560 common units)		33,600	381,000	
		Preferred Units—Pine Street (200 units)		200,000	719,000	
		Common Unit Warrants—Pine Street (2,220 units)		<u>—</u>	<u>88,000</u>	
			<u>3,997,731</u>	<u>4,206,679</u>	<u>5,161,079</u>	
Captex Softgel International, Inc. (2%)*	Nutraceutical Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 08/16)	8,361,089	8,223,010	8,223,010	
		Class A Units (80,000 units)		<u>800,000</u>	<u>1,298,000</u>	
			<u>8,361,089</u>	<u>9,023,010</u>	<u>9,521,010</u>	
Dyson Corporation (1%)*	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	3,741,000	
				<u>1,000,000</u>	<u>3,741,000</u>	
Equisales, LLC (0%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12)	3,157,043	3,157,043	2,659,000	
		Class A Units (500,000 units)		<u>480,900</u>	<u>—</u>	
			<u>3,157,043</u>	<u>3,637,943</u>	<u>2,659,000</u>	
Fischbein Partners, LLC (2%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (12% Cash, 2% PIK, Due 10/16)	6,790,740	6,675,683	6,675,683	
		Class A Units (1,750,000 units)		<u>417,088</u>	<u>3,772,000</u>	
			<u>6,790,740</u>	<u>7,092,771</u>	<u>10,447,683</u>	
Main Street Gourmet, LLC (1%)*	Baked Goods Provider	Subordinated Notes (12% Cash, 4.5% PIK, Due 10/16)	4,182,542	4,113,502	4,113,502	
		Jr. Subordinated Notes (8% Cash, 2% PIK, Due 04/17)	1,020,094	1,002,804	729,000	
		Preferred Units (233 units)		211,867	—	
		Common B Units (3,000 units)		23,140	—	
		Common A Units (1,652 units)		<u>14,993</u>	<u>—</u>	
			<u>5,202,636</u>	<u>5,366,306</u>	<u>4,842,502</u>	
Plantation Products, LLC (3%)*	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16)	15,377,516	15,076,580	15,076,580	
		Preferred Units (1,127 units)		1,127,000	1,244,000	
		Common Units (92,000 units)		<u>23,000</u>	<u>155,000</u>	
			<u>15,377,516</u>	<u>16,226,580</u>	<u>16,475,580</u>	

QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)		<u>563,602</u>	<u>393,000</u>
				563,602	393,000
Technology Crops International (2%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15)	5,681,558	5,619,098	5,619,098
		Common Units (50 Units)		<u>500,000</u>	<u>769,000</u>
			5,681,558	6,119,098	6,388,098

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
Venture Technology Groups, Inc. (1%)*	Fluid and Gas Handling Products Distributor	Subordinated Note (12.5% Cash, 4% PIK, Due 09/16)	\$ 5,499,849	\$ 5,400,372	\$ 3,239,000
		Class A Units (1,000,000 Units)		1,000,000	—
			5,499,849	6,400,372	3,239,000
Waste Recyclers Holdings, LLC (1%)*	Environmental and Facilities Services	Class A Preferred Units (280 Units)		2,251,100	—
		Class B Preferred Units (985,372 Units)		3,304,218	4,115,000
		Class C Preferred Units (1,444,475 Units)		1,499,531	1,818,000
		Common Unit Purchase Warrant (1,170,083 Units)		748,900	—
		Common Units (153,219 Units)		180,783	—
			7,984,532	5,933,000	
Wythe Will Tzetzto, LLC (3%)*	Confectionary Goods Distributor	Subordinated Notes (13% Cash, Due 10/16)	10,357,475	9,904,615	9,904,615
		Series A Preferred Units (74,764 units)		1,500,000	1,987,000
		Common Unit Purchase Warrants (25,065 units)		301,510	443,000
		10,357,475	11,706,125	12,334,615	
Subtotal Affiliate Investments			82,642,636	98,502,634	101,197,149
<u>Control Investments:</u>					
FCL Graphics, Inc. ("FCL") and FCL Holding SPV, LLC ("SPV") (1%)*	Commercial Printing Services	Senior Note—FCL (5.0% Cash, Due 9/16)	1,469,747	1,469,747	1,469,747
		Senior Note—FCL (8.0% Cash, 2% PIK, Due 9/16)	1,153,649	1,151,698	968,000
		Senior Note—SPV (2.4% Cash, 6% PIK, Due 9/16)	964,486	964,486	—
		Members Interests—SPV (299,875 Units)		—	—
		3,587,882	3,585,931	2,437,747	
Fire Sprinkler Systems, Inc. (0%)*	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/12)	3,473,830	2,955,028	208,000
		Common Stock (2,978 shares)		294,624	—
			3,473,830	3,249,652	208,000
Fischbein, LLC (1%)*	Packaging and Materials Handling Equipment Manufacturer	Class A-1 Common Units (501,984 units)		59,315	283,816
		Class A Common Units (3,839,068 units)		453,630	1,859,433
				512,945	2,143,249
Gerli & Company (0%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (8.5% Cash, Due 03/15)	3,267,018	3,000,000	2,030,000
		Class A Preferred Shares (1,211 shares)		855,000	—
		Class C Preferred Shares (744 shares)		—	—
		Class E Preferred Shares (400 shares)		161,440	—
		Common Stock (300 shares)		100,000	—
		3,267,018	4,116,440	2,030,000	
Subtotal Control Investments			10,328,730	11,464,968	6,818,996
Total Investments, March 31, 2012 (132%)*			\$501,423,386	\$534,929,994	\$544,435,197

* Value as a percent of net assets

(1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.

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

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

(4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

See accompanying notes.

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
<u>Non-Control / Non-Affiliate Investments:</u>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (1%)*	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13) Subordinated Note-PHM (12% Cash, Due 09/12) Common Stock-PHM (128,571 shares) Common Stock Warrants-AA (455 shares)	\$ 4,127,773 12,857 142,361 <u>4,140,630</u>	\$ 4,103,291 12,857 128,571 <u>142,361</u> <u>4,387,080</u>	\$ 4,103,291 12,857 128,571 <u>760,000</u> <u>5,004,719</u>
Ann's House of Nuts, Inc. (3%)*	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17) Preferred A Units (22,368 units) Preferred B Units (10,380 units) Common Units (190,935 units) Common Stock Warrants (14,558 shares)	7,080,843 <u>7,080,843</u>	6,716,662 2,124,957 986,059 150,000 <u>14,558</u> <u>9,992,236</u>	6,716,662 2,407,000 1,204,000 — — <u>10,327,662</u>
Aramco, Inc. (1%)	Environmental Emergency Preparedness Products Distributor	Subordinated Note (12% Cash, 2% PIK, Due 03/14)	<u>1,800,997</u> 1,800,997	<u>1,673,278</u> 1,673,278	<u>1,673,278</u> 1,673,278
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 Shares)		<u>516,867</u> 516,867	<u>773,000</u> 773,000
BioSan Laboratories, Inc. (2%)*	Nutritional Supplement Manufacturing and Distribution	Subordinated Note (12% Cash, 3.8% PIK, Due 10/16)	<u>5,276,296</u> 5,276,296	<u>5,179,676</u> 5,179,676	<u>5,179,676</u> 5,179,676
Botanical Laboratories, Inc. (3%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, 1% PIK, Due 02/15) Common Unit Warrants (998,680 Units)	10,114,528 <u>10,114,528</u>	9,580,196 474,600 <u>10,054,796</u>	9,122,000 — <u>9,122,000</u>
Capital Contractors, Inc. (3%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) Common Stock Warrants (20 shares)	9,185,225 <u>9,185,225</u>	8,617,853 <u>492,000</u> 9,109,853	8,617,853 <u>398,000</u> 9,015,853
Carolina Beverage Group, LLC (4%)*	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16) Class A Units (11,974 Units) Class B Units (11,974 Units)	13,260,895 <u>13,260,895</u>	13,055,973 1,077,615 <u>119,735</u> 14,253,323	13,055,973 1,120,000 — <u>14,175,973</u>
CRS Reprocessing, LLC (8%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15) Subordinated Note (10% Cash, 4% PIK, Due 11/15) Series C Preferred Units (26 Units) Common Unit Warrant (550 Units)	11,357,260 11,016,583 <u>22,373,843</u>	11,022,004 10,020,937 288,342 <u>1,253,556</u> 22,584,839	11,022,004 10,020,937 476,000 <u>4,040,000</u> 25,558,941
CV Holdings, LLC (5%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Subordinated Note (12% Cash, Due 09/13) Royalty rights	9,279,054 6,000,000 <u>15,279,054</u>	8,845,875 5,912,355 <u>874,400</u> 15,632,630	8,845,875 5,912,355 <u>920,000</u> 15,678,230
DLR Restaurants, LLC (3%)*	Restaurant	Subordinated Note (12% Cash, 3% PIK, Due 03/16) Subordinated Note (12% Cash, 4% PIK, Due 03/16) Royalty rights	10,660,442 752,083 <u>11,412,525</u>	10,448,050 752,083 <u>11,200,133</u>	10,448,050 752,083 — <u>11,200,133</u>
Electronic Systems Protection, Inc. (2%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	4,162,798 681,475 <u>4,844,273</u>	4,128,357 681,475 <u>285,000</u> 5,094,832	4,128,357 681,475 <u>367,000</u> 5,176,832
Frozen Specialties, Inc. (3%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	<u>8,478,731</u> 8,478,731	<u>8,391,839</u> 8,391,839	<u>8,391,839</u> 8,391,839
Garden Fresh Restaurant Corp. (0%)*	Restaurant	Membership Units (5,000 units)		<u>500,000</u> 500,000	<u>820,000</u> 820,000
Grindmaster-Cecilware Corp. (2%)*	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	<u>6,274,350</u> 6,274,350	<u>6,198,309</u> 6,198,309	<u>5,104,000</u> 5,104,000

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Portfolio Company	Industry	Type of Investment ⁽¹⁾⁽²⁾	Principal Amount	Cost	Fair Value ⁽³⁾
Hatch Chile Co., LLC (2%)*	Food Products Distributor	Senior Note (19% Cash, Due 07/15)	\$ 4,500,000	\$ 4,411,111	\$ 4,411,111
		Subordinated Note (14% Cash, Due 07/15)	1,000,000	865,687	865,687
		Unit Purchase Warrant (5,265 Units)		149,800	216,000
			<u>5,500,000</u>	<u>5,426,598</u>	<u>5,492,798</u>
Home Physicians, LLC ("HP") and Home Physicians Holdings, LP ("HPH") (3%)*	In-home primary care physician services	Subordinated Note-HP (12% Cash, 5% PIK, Due 03/16)	10,654,096	10,454,979	8,868,000
		Subordinated Note-HPH (4% Cash, 6% PIK, Due 03/16)	1,283,791	1,283,791	—
		Royalty rights		—	—
			<u>11,937,887</u>	<u>11,738,770</u>	<u>8,868,000</u>
Infrastructure Corporation of America, Inc. (3%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15)	10,878,815	9,876,796	9,876,796
		Common Stock Purchase Warrant (199,526 shares)		980,000	1,348,000
			<u>10,878,815</u>	<u>10,856,796</u>	<u>11,224,796</u>
Inland Pipe Rehabilitation Holding Company LLC (7%)*	Cleaning and Repair Services	Subordinated Note (13% Cash, 2.5% PIK, Due 12/16)	20,277,473	19,996,881	19,996,881
		Membership Interest Purchase Warrant (3.0%)		853,500	2,112,000
			<u>20,277,473</u>	<u>20,850,381</u>	<u>22,108,881</u>
Library Systems & Services, LLC (2%)*	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15)	5,250,001	5,130,053	5,130,053
		Common Stock Warrants (112 shares)		58,995	723,000
			<u>5,250,001</u>	<u>5,189,048</u>	<u>5,853,053</u>
Magpul Industries Corp. (4%)	Firearm Accessories Manufacturer and Distributor	Subordinated Note (12% Cash, 3% PIK, Due 03/17)	13,300,000	13,042,711	13,042,711
		Preferred Units (1,470 Units)		1,470,000	1,470,000
		Common Units (30,000 Units)		30,000	30,000
			<u>13,300,000</u>	<u>14,542,711</u>	<u>14,542,711</u>
McKenzie Sports Products, LLC (2%)*	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,071,841	5,966,205	5,966,205
			<u>6,071,841</u>	<u>5,966,205</u>	<u>5,966,205</u>
Media Storm, LLC (3%)*	Marketing Services	Subordinated Note (12% Cash, 2% PIK, Due 10/17)	8,532,111	8,449,580	8,449,580
		Membership Units (1,216,204 Units)		1,216,204	1,216,204
			<u>8,532,111</u>	<u>9,665,784</u>	<u>9,665,784</u>
Media Temple, Inc. (5%)*	Web Hosting Services	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	8,800,000	8,658,463	8,658,463
		Convertible Note (8% Cash, 6% PIK, Due 04/15)	3,200,000	2,778,030	4,687,000
		Common Stock Purchase Warrant (28,000 Shares)		536,000	2,051,000
			<u>12,000,000</u>	<u>11,972,493</u>	<u>15,396,463</u>
Minco Technology Labs, LLC (2%)*	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16)	5,272,430	5,170,334	5,170,334
		Class A Units (5,000 Units)		500,000	31,000
			<u>5,272,430</u>	<u>5,670,334</u>	<u>5,201,334</u>
National Investment Managers Inc. (4%)*	Retirement Plan Administrator	Subordinated Note (11% Cash, 5% PIK, Due 09/16)	11,703,034	11,450,996	11,450,996
		Preferred A Units (90,000 Units)		900,000	479,000
		Common Units (10,000 Units)		100,000	—
			<u>11,703,034</u>	<u>12,450,996</u>	<u>11,929,996</u>
Novolyte Technologies, Inc. (4%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 4% PIK, Due 07/16)	7,264,182	7,143,362	7,143,362
		Subordinated Note (12% Cash, 4% PIK, Due 07/16)	2,334,916	2,296,081	2,296,081
		Preferred Units (641 units)		661,227	888,000
		Common Units (24,522 units)		165,306	1,744,000
			<u>9,599,098</u>	<u>10,265,976</u>	<u>12,071,443</u>
Pomeroy IT Solutions (3%)*	Information Technology Outsourcing Services	Subordinated Notes (13% Cash, 2% PIK, Due 02/16)	10,181,198	9,955,154	9,955,154
			<u>10,181,198</u>	<u>9,955,154</u>	<u>9,955,154</u>
PowerDirect Marketing, LLC (2%)*	Marketing Services	Subordinated Note (12% Cash, 2% PIK, Due 05/16)	8,100,993	7,580,433	7,580,433
		Common Unit Purchase Warrants		402,000	548,000
			<u>8,100,993</u>	<u>7,982,433</u>	<u>8,128,433</u>
Renew Life Formulas, Inc. (4%)*	Nutritional Supplement Manufacturing and Distribution	Subordinated Notes (12% Cash, 3% PIK, Due 03/15)	13,401,006	13,155,235	13,155,235
			<u>13,401,006</u>	<u>13,155,235</u>	<u>13,155,235</u>

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
Sheplers, Inc. (4%)*	Western Apparel Retailer	Subordinated Note (13.15% Cash, Due 12/16)	\$ 8,750,000	\$ 8,531,250	\$ 8,531,250
		Subordinated Note (10% Cash, 7% PIK, Due 12/17)	<u>3,758,021</u>	<u>3,683,021</u>	<u>3,683,021</u>
			12,508,021	12,214,271	12,214,271
SRC, Inc. (3%)*	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14)	8,879,665	8,640,013	8,640,013
		Common Stock Purchase Warrants	<u>8,879,665</u>	<u>123,800</u>	<u>—</u>
			8,879,665	8,763,813	8,640,013
Syrgis Holdings, Inc. (1%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	2,444,766	2,437,942	2,437,942
		Class C Units (2,114 units)	<u>2,444,766</u>	<u>1,000,000</u>	<u>1,597,000</u>
			2,444,766	3,437,942	4,034,942
TBG Anesthesia Management, LLC (3%)*	Physician Management Services	Senior Note (13.5% Cash, Due 11/14)	10,750,000	10,445,062	10,445,062
		Warrant (263 shares)	<u>10,750,000</u>	<u>276,100</u>	<u>239,000</u>
			10,750,000	10,721,162	10,684,062
TMR Automotive Service Supply, LLC (2%)	Automotive Supplies	Subordinated Note (12% Cash, 1% PIK, Due 03/16)	5,000,000	4,738,933	4,738,933
		Unit Purchase Warrant (329,518 units)	<u>5,000,000</u>	<u>195,000</u>	<u>284,000</u>
			5,000,000	4,933,933	5,022,933
Top Knobs USA, Inc. (3%)	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17)	10,369,002	10,209,875	10,209,875
		Common Stock (26,593 shares)	<u>10,369,002</u>	<u>750,000</u>	<u>733,000</u>
			10,369,002	10,959,875	10,942,875
Trinity Consultants Holdings, Inc. (2%)*	Air Quality Consulting Services	Subordinated Note (12% Cash, 2.5% PIK, Due 11/17)	7,216,500	7,072,500	7,072,500
		Series A Preferred Stock (10,000 units)	<u>7,216,500</u>	<u>950,000</u>	<u>950,000</u>
		Common Stock (55,556 units)	<u>7,216,500</u>	<u>50,000</u>	<u>50,000</u>
			7,216,500	8,072,500	8,072,500
TrustHouse Services Group, Inc. (4%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 07/18)	13,362,115	13,136,232	13,136,232
		Class A Units (1,557 units)	<u>13,362,115</u>	<u>512,124</u>	<u>799,000</u>
		Class B Units (82 units)	<u>13,362,115</u>	<u>26,954</u>	<u>28,000</u>
			13,362,115	13,675,310	13,963,232
Tulsa Inspection Resources, Inc. (2%)*	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14)	5,810,588	5,574,292	5,574,292
		Common Unit (1 unit)	<u>5,810,588</u>	<u>200,000</u>	<u>117,000</u>
		Common Stock Warrants (8 shares)	<u>5,810,588</u>	<u>321,000</u>	<u>627,000</u>
			5,810,588	6,095,292	6,318,292
Twin-Star International, Inc. (2%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14)	4,500,000	4,476,065	4,476,065
		Senior Note (4.4%, Due 04/13)	<u>4,500,000</u>	<u>1,052,240</u>	<u>1,052,240</u>
			5,552,240	5,528,305	5,528,305
Wholesale Floors, Inc. (1%)*	Commercial Services	Subordinated Note (12.5% Cash, 3.5% PIK, Due 06/14)	3,858,183	3,773,066	3,773,066
		Membership Interest Purchase Warrant (4.0%)	<u>3,858,183</u>	<u>132,800</u>	<u>—</u>
			3,858,183	3,905,866	3,773,066
Workforce Software, LLC (2%)*	Software Provider	Subordinated Note (11% Cash, 3% PIK, Due 11/16)	7,000,000	6,065,200	6,065,200
		Class B Preferred Units (1,020,000 units)	<u>7,000,000</u>	<u>1,020,000</u>	<u>1,020,000</u>
		Common Unit Purchase Warrants (2,224,561 units)	<u>7,000,000</u>	<u>782,300</u>	<u>782,300</u>
			7,000,000	7,867,500	7,867,500
Yellowstone Landscape Group, Inc. (4%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	<u>12,816,222</u>	<u>12,678,077</u>	<u>12,678,077</u>
			12,816,222	12,678,077	12,678,077
Subtotal Non-Control / Non-Affiliate Investments			377,095,379	389,312,451	396,502,490

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
<i>Affiliate Investments:</i>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Wholesale and Distribution	Subordinated Note (10% PIK, Due 10/13) Membership Units (6,516 Units)	\$ 6,056,794	\$ 5,213,450 350,000	\$ 5,213,450 —
			<u>6,056,794</u>	<u>5,563,450</u>	<u>5,213,450</u>
AP Services, Inc. (2%)*	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (933 units) Class B Units (496 units)	4,351,545	4,258,465 933,333 —	4,258,465 1,181,000 80,000
			<u>4,351,545</u>	<u>5,191,798</u>	<u>5,519,465</u>
Asset Point, LLC (2%)*	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13) Senior Note (12% Cash, 2% PIK, Due 07/15) Subordinated Note (7% Cash, Due 03/13) Membership Units (1,000,000 units) Options to Purchase Membership Units (342,407 units) Membership Unit Warrants (356,506 units)	6,054,948 617,572 941,798	6,024,163 617,572 941,798 8,203 500,000 —	6,024,163 518,000 786,000 346,000 149,000 2,000
			<u>7,614,318</u>	<u>8,091,736</u>	<u>7,825,163</u>
Axxiom Manufacturing, Inc. (0%)*	Industrial Equipment Manufacturer	Common Stock (136,400 shares) Common Stock Warrant (4,000 shares)		200,000 — 200,000	1,140,000 33,000 1,173,000
				<u>200,000</u>	<u>1,173,000</u>
Brantley Transportation, LLC (“Brantley Transportation”) and Pine Street Holdings, LLC (“Pine Street”) (4) (2%)*	Oil and Gas Services	Subordinated Note—Brantley Transportation (14% Cash, 5% PIK, Due 12/12) Common Unit Warrants—Brantley Transportation (4,560 common units) Preferred Units—Pine Street (200 units) Common Unit Warrants—Pine Street (2,220 units)	3,947,627	3,915,231 33,600 200,000 —	3,915,231 401,000 757,000 99,000
			<u>3,947,627</u>	<u>4,148,831</u>	<u>5,172,231</u>
Captek Softgel International, Inc. (3%)*	Nutraceutical Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 08/16) Class A Units (80,000 units)	8,277,116	8,133,312 800,000	8,133,312 1,292,000
			<u>8,277,116</u>	<u>8,933,312</u>	<u>9,425,312</u>
Dyson Corporation (1%)*	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	3,836,000
				<u>1,000,000</u>	<u>3,836,000</u>
Equisales, LLC (1%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12) Class A Units (500,000 units)	3,125,336	3,116,853 480,900	3,045,000 535,000
			<u>3,125,336</u>	<u>3,597,753</u>	<u>3,580,000</u>
Fischbein Partners, LLC (3%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (12% Cash, 2% PIK, Due 10/16) Class A Units (1,750,000 units)	6,756,525	6,636,697 417,088	6,636,697 3,344,000
			<u>6,756,525</u>	<u>7,053,785</u>	<u>9,980,697</u>
Main Street Gourmet, LLC (1%)*	Baked Goods Provider	Subordinated Notes (12% Cash, 4.5% PIK, Due 10/16) Jr. Subordinated Notes (8% Cash, 2% PIK, Due 04/17) Preferred Units (233 units) Common B Units (3,000 units) Common A Units (1,652 units)	4,135,501 1,014,963	4,063,598 996,975 211,867 23,140 14,993	4,063,598 716,000 — — —
			<u>5,150,464</u>	<u>5,310,573</u>	<u>4,779,598</u>
Plantation Products, LLC (5%)*	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16) Preferred Units (1,127 units) Common Units (92,000 units)	15,203,916	14,889,867 1,127,000 23,000	14,889,867 1,221,000 142,000
			<u>15,203,916</u>	<u>16,039,867</u>	<u>16,252,867</u>
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)		563,602	393,000
				<u>563,602</u>	<u>393,000</u>
Technology Crops International (2%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,610,350	5,543,617 500,000	5,543,617 589,000
			<u>5,610,350</u>	<u>6,043,617</u>	<u>6,132,617</u>

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment⁽¹⁾⁽²⁾</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value⁽³⁾</u>
Venture Technology Groups, Inc. (2%)*	Fluid and Gas Handling Products Distributor	Subordinated Note (12.5% Cash, 4% PIK, Due 09/16) Class A Units (1,000,000 Units)	\$ 5,444,612	\$ 5,341,062 1,000,000	\$ 5,341,062 530,000
			<u>5,444,612</u>	<u>6,341,062</u>	<u>5,871,062</u>
Waste Recyclers Holdings, LLC (2%)*	Environmental and Facilities Services	Class A Preferred Units (280 Units) Class B Preferred Units (985,372 Units) Class C Preferred Units (1,444,475 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)		2,251,100 3,304,218 1,499,531 748,900 180,783	— 4,310,000 1,752,000 — —
				<u>7,984,532</u>	<u>6,062,000</u>
Wythe Will Tzetzto, LLC (4%)*	Confectionary Goods Distributor	Subordinated Notes (13% Cash, Due 10/16) Series A Preferred Units (74,764 units) Common Unit Purchase Warrants (25,065 units)	10,357,475	9,885,836 1,500,000 301,510	9,885,836 1,784,000 380,000
			<u>10,357,475</u>	<u>11,687,346</u>	<u>12,049,836</u>
Subtotal Affiliate Investments			81,896,078	97,751,264	103,266,298
<u>Control Investments:</u>					
FCL Graphics, Inc. ("FCL") and FCL Holding SPV, LLC ("SPV") (1%)*	Commercial Printing Services	Senior Note—FCL (5.0% Cash, Due 9/16) Senior Note—FCL (8.0% Cash, 2% PIK, Due 9/16) Senior Note—SPV (2.5% Cash, 6% PIK, Due 9/16) Members Interests—SPV (299,875 Units)	1,485,821 1,147,836 950,328	1,478,538 1,145,436 950,328	1,478,538 955,000 343,000
			<u>3,583,985</u>	<u>3,574,302</u>	<u>2,776,538</u>
Fire Sprinkler Systems, Inc. (0%)*	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/12) Common Stock (2,978 shares)	3,281,284	2,780,028 294,624	443,000 —
			<u>3,281,284</u>	<u>3,074,652</u>	<u>443,000</u>
Fischbein, LLC (1%)*	Packaging and Materials Handling Equipment Manufacturer	Class A-1 Common Units (501,984 units) Class A Common Units (3,839,068 units)		59,315 453,630	283,816 1,859,433
				<u>512,945</u>	<u>2,143,249</u>
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (8.5% Cash, Due 03/15) Class A Preferred Shares (1,211 shares) Class C Preferred Shares (744 shares) Class E Preferred Shares (400 shares) Common Stock (300 shares)	3,198,299	3,000,000 855,000 — 161,440 100,000	1,947,000 — — — —
			<u>3,198,299</u>	<u>4,116,440</u>	<u>1,947,000</u>
Subtotal Control Investments			10,063,568	11,278,339	7,309,787
Total Investments, December 31, 2011(152%)*			<u>\$469,055,025</u>	<u>\$498,342,054</u>	<u>\$507,078,575</u>

* Value as a percent of net assets

(1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.

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

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

(4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Notes to Unaudited Consolidated Financial Statements

1. ORGANIZATION, BASIS OF PRESENTATION AND BUSINESS

Organization

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

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

Basis of Presentation

The financial statements of the Company include the accounts of the Company and its wholly-owned subsidiaries, including Triangle SBIC and Triangle SBIC II. Neither Triangle SBIC nor Triangle SBIC II consolidates portfolio company investments. The effects of all intercompany transactions between the Company and its subsidiaries have been eliminated in consolidation.

The accompanying unaudited financial statements are presented in conformity with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for the fair presentation of financial statements for the interim period, have been reflected in the unaudited consolidated financial statements. The current period’s results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Additionally, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the period ended December 31, 2011. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Recently Issued Accounting Standards

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurements* (Topic 820), *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, or ASU 2011-04. ASU 2011-04 clarifies the application of existing fair value measurement and disclosure requirements, changes the application of some requirements for measuring fair value and requires additional disclosure for fair value measurements categorized in Level 3 of the fair value hierarchy. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. The Company adopted this standard on January 1, 2012. The adoption of ASU 2011-04 did not have a material impact on the Company’s process for measuring fair values or on its financial statements, other than the inclusion of additional required disclosures.

Reclassifications

Certain reclassifications have been made in the consolidated financial statements for the quarter ended March 31, 2011 in order to conform to current presentation. The Company had historically included losses realized on the extinguishment of debt in “Amortization of deferred financing fees” in the Consolidated Statements of Operations. Effective January 1, 2012, the Company records losses on the extinguishment of debt as a separate line item in the Consolidated Statements of Operations. See Note 4 to the Consolidated Financial Statements for further discussion of deferred financing fees.

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2. INVESTMENTS

The Company primarily invests in subordinated debt (or 2nd lien notes) of privately held companies. These subordinated debt investments generally are secured by a second priority security interest in the assets of the borrower. In addition, the Company generally invests in an equity instrument of the borrower, such as warrants to purchase common stock in the portfolio company or direct preferred or common equity interests. The Company also invests in senior debt (or 1st lien notes) on a more limited basis.

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

	<u>Cost</u>	<u>Percentage of Total Portfolio</u>	<u>Fair Value</u>	<u>Percentage of Total Portfolio</u>
March 31, 2012:				
Subordinated debt and 2 nd lien notes	\$417,351,461	78%	\$408,479,846	75%
Senior debt and 1 st lien notes	68,624,919	13	68,441,221	13
Equity shares	38,948,717	7	49,504,013	9
Equity warrants	9,130,497	2	17,178,117	3
Royalty rights	874,400	—	832,000	—
	<u>\$534,929,994</u>	<u>100%</u>	<u>\$544,435,197</u>	<u>100%</u>
December 31, 2011:				
Subordinated debt and 2 nd lien notes	\$393,830,719	79%	\$387,169,056	76%
Senior debt and 1 st lien notes	60,622,827	12	59,974,195	12
Equity shares	34,741,728	7	43,972,024	9
Equity warrants	8,272,380	2	15,043,300	3
Royalty rights	874,400	—	920,000	—
	<u>\$498,342,054</u>	<u>100%</u>	<u>\$507,078,575</u>	<u>100%</u>

During the three months ended March 31, 2012, the Company made four new investments totaling approximately \$41.0 million and investments in three existing portfolio companies totaling approximately \$1.0 million. During the three months ended March 31, 2011, the Company made five new investments totaling approximately \$51.5 million and investments in four existing portfolio companies totaling approximately \$16.8 million.

Investment Valuation Process

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

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

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

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

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

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The Company's valuation process is led by the Company's executive officers and managing directors. The Company's valuation process begins with a quarterly review of each investment in the Company's investment portfolio by the Company's executive officers and investment committee. Valuations of each portfolio security are then prepared by the Company's investment professionals, who have direct responsibility for the origination, management and monitoring of each investment. Under the Company's valuation policy, each investment valuation is subject to (i) a review by the lead investment officer responsible for the portfolio company investment and (ii) a peer review by a second investment officer or executive officer of the Company. Generally, any investment that is valued below cost is subjected to review by one of the Company's executive officers. After the peer review is complete, the Company engages Duff & Phelps, LLC ("Duff & Phelps"), an independent valuation firm, to provide a third-party review of certain investments, as described further below. In addition, all investment valuations are provided to the Company's independent registered public accounting firm each quarter in connection with quarterly review procedures and the annual audit of our financial statements. Finally, the Board of Directors has the responsibility for reviewing and approving, in good faith, the fair value of the Company's investments in accordance with the 1940 Act.

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

The total number of investments and the percentage of the investment portfolio on which the Company asked Duff & Phelps to perform such procedures are summarized below by period:

<u>For the quarter ended:</u>	<u>Total companies</u>	<u>Percent of total investments at fair value⁽¹⁾</u>
March 31, 2011	11	34%
June 30, 2011	13	26%
September 30, 2011	11	31%
December 31, 2011	12	22%
March 31, 2012	10	19%

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

Upon completion of the procedures, Duff & Phelps concluded that the fair value of those investments subjected to the procedures appeared reasonable. The Company's Board of Directors is ultimately responsible for determining the fair value of the Company's investments in good faith.

Investment Valuation Inputs

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

Enterprise Value Waterfall Approach

In valuing equity securities (including warrants), the Company estimates fair value using an "Enterprise Value Waterfall" valuation model. The Company estimates the enterprise value of a portfolio company and then allocates the enterprise value to the portfolio company's securities in order of their relative liquidation preference. In addition, the Company assumes that any outstanding debt or other securities that are senior to the Company's equity securities are required to be repaid at par.

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

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

Income Approach

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

The Company considers the factors above, particularly any significant changes in the portfolio company's results of operations and leverage, and develops an expectation of the yield that a hypothetical market participant would require when purchasing the debt investment (the "Required Rate of Return"). The Required Rate of Return, along with the Leverage Ratio and Adjusted EBITDA are the significant Level 3 inputs to the Income Approach model. For investments where the Leverage Ratio and Adjusted EBITDA have not fluctuated significantly from the date the investment was made or have not fluctuated significantly from the Company's expectations as of the date the investment was made, and where there have been no significant fluctuations in the market pricing for such investments, the Company may conclude that the Required Rate of Return is equal to the stated rate on the investment and therefore, the debt security is appropriately priced. In instances where the Company determines that the Required Rate of Return is different from the stated rate on the investment, the Company discounts the contractual cash flows on the debt instrument using the Required Rate of Return in order to estimate the fair value of the debt security.

Fair value measurements using the Income Approach model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security may result in a lower (higher) fair value for that security. A significant increase (decrease) in the Adjusted EBITDA input for a particular debt security may result in a higher (lower) fair value for that security.

The fair value of the Company's royalty rights are calculated based on specific provisions contained in the pertinent operating or royalty agreements. The determination of the fair value of such royalty rights is not a significant component of the Company's valuation process.

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The ranges and weighted-average values of the significant Level 3 inputs used in the valuation of the Company's debt and equity securities as of March 31, 2012 are summarized as follows:

	Fair Value As of March 31, 2012	Valuation Model	Level 3 Input	Range of Inputs	Weighted- Average
Subordinated debt and 2 nd lien notes	\$408,479,846	Income Approach	Required Rate of Return	13.0% - 30.0%	15.6%
			Leverage Ratio	1.3x - 6.5x	3.2x
			Adjusted EBITDA	\$(0.4) million - \$43.1 million	\$13.9 million
Senior debt and 1 st lien notes	68,441,221	Income Approach	Required Rate of Return	4.4% - 19.0%	14.8%
			Leverage Ratio	0.7x - 5.6x	2.7x
			Adjusted EBITDA	\$1.5 million - \$29.5 million	\$6.0 million
Equity shares and warrants	66,682,130	Enterprise Value	Adjusted EBITDA Multiple	4.0x - 11.0x	6.5x
			Waterfall Approach	Adjusted EBITDA	\$(0.6) million - -\$36.1 million
		Revenue Revenues	Revenue Multiple	0.7x - 1.5x	1.4x
					\$7.7 million - \$47.6 million

The following table presents the Company's investment portfolio at fair value as of March 31, 2012 and December 31, 2011, categorized by the ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value at March 31, 2012			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2 nd lien notes	\$ —	\$ —	\$408,479,846	\$408,479,846
Senior debt and 1 st lien notes	—	—	68,441,221	68,441,221
Equity shares	—	—	49,504,013	49,504,013
Equity warrants	—	—	17,178,117	17,178,117
Royalty rights	—	—	832,000	832,000
	<u>\$ —</u>	<u>\$ —</u>	<u>\$544,435,197</u>	<u>\$544,435,197</u>

	Fair Value at December 31, 2011			
	Level 1	Level 2	Level 3	Total
Subordinated debt and 2 nd lien notes	\$ —	\$ —	\$387,169,056	\$387,169,056
Senior debt and 1 st lien notes	—	—	59,974,195	59,974,195
Equity shares	—	—	43,972,024	43,972,024
Equity warrants	—	—	15,043,300	15,043,300
Royalty rights	—	—	920,000	920,000
	<u>\$ —</u>	<u>\$ —</u>	<u>\$507,078,575</u>	<u>\$507,078,575</u>

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The following tables reconcile the beginning and ending balances of the Company's investment portfolio measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2012 and 2011:

<u>Three Months Ended March 31, 2012:</u>	<u>Subordinated Debt and 2nd Lien Notes</u>	<u>Senior Debt and 1st Lien Notes</u>	<u>Equity Shares</u>	<u>Equity Warrants</u>	<u>Royalty Rights</u>	<u>Total</u>
Fair value, beginning of period	\$387,169,056	\$59,974,195	\$43,972,024	\$15,043,300	\$920,000	\$507,078,575
New investments	27,726,000	9,161,883	4,206,989	858,117	—	41,952,989
Loan origination fees received	(466,420)	(200,000)	—	—	—	(666,420)
Principal repayments received	(7,048,039)	(1,205,805)	—	—	—	(8,253,844)
PIK interest earned	2,837,384	424,087	—	—	—	3,261,471
PIK interest payments received	(260,426)	(296,683)	—	—	—	(557,109)
Accretion of loan discounts	316,068	58,273	—	—	—	374,341
Accretion of deferred loan origination revenue	416,175	60,337	—	—	—	476,512
Unrealized gain (loss)	(2,209,952)	464,934	1,325,000	1,276,700	(88,000)	768,682
Fair value, end of period	<u>\$408,479,846</u>	<u>\$68,441,221</u>	<u>\$49,504,013</u>	<u>\$17,178,117</u>	<u>\$832,000</u>	<u>\$544,435,197</u>

<u>Three Months Ended March 31, 2011:</u>	<u>Subordinated Debt and 2nd Lien Notes</u>	<u>Senior Debt and 1st Lien Notes</u>	<u>Equity Shares</u>	<u>Equity Warrants</u>	<u>Royalty Rights</u>	<u>Total</u>
Fair value, beginning of period	\$234,049,688	\$44,584,148	\$38,719,699	\$7,902,458	\$734,600	\$325,990,593
New investments	56,674,559	9,000,000	2,086,951	514,002	—	68,275,512
Loan origination fees received	(1,226,292)	(240,000)	—	—	—	(1,466,292)
Principal repayments received	(14,661,635)	(275,229)	—	—	—	(14,936,864)
PIK interest earned	1,660,485	281,803	—	—	—	1,942,288
PIK interest payments received	(975,162)	(109,633)	—	—	—	(1,084,795)
Accretion of loan discounts	236,146	24,840	—	—	—	260,986
Accretion of deferred loan origination revenue	375,950	39,297	—	—	—	415,247
Unrealized gain (loss)	753,099	35,021	4,225,437	(331,102)	107,500	4,789,955
Fair value, end of period	<u>\$276,886,838</u>	<u>\$53,340,247</u>	<u>\$45,032,087</u>	<u>\$8,085,358</u>	<u>\$842,100</u>	<u>\$384,186,630</u>

All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported on separate line items within the Company's statements of operations. Pre-tax net unrealized gains on investments of \$0.8 million during the three months ended March 31, 2012 are related to portfolio company investments that were still held by the Company as of March 31, 2012. Pre-tax net unrealized gains on investments of \$4.8 million during the three months ended March 31, 2011 are related to portfolio company investments that were still held by the Company as of March 31, 2011.

Warrants

When originating a debt security, the Company will sometimes receive warrants or other equity-related securities from the borrower. The Company determines the cost basis of the warrants or other equity-related securities received based upon their respective fair values on the date of receipt in proportion to the total fair value of the debt and warrants or other equity-related securities received. Any resulting difference between the face amount of the debt and its recorded fair value resulting from the assignment of value to the warrant or other equity instruments is treated as original issue discount and accreted into interest income over the life of the loan.

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

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

Investment Classification

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the 1940 Act, other than Control Investments. "Non-Control/Non-Affiliate Investments" are those that are neither Control Investments nor Affiliate Investments.

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Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25.0% of the voting securities of such company or has greater than 50.0% representation on its board. The Company is deemed to be an affiliate of a company in which the Company has invested if it owns between 5.0% and 25.0% of the voting securities of such company.

Investment Income

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

Fee Income

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

Payment-in-Kind Interest

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

To maintain the Company’s status as a Regulated Investment Company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as Amended (the “Code”), PIK interest, which is a non-cash source of income, is included in the Company’s taxable income and therefore affects the amount it is required to pay to stockholders in the form of dividends, even though the Company has not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

Concentration of Credit Risk

The Company’s investments are generally in lower middle-market companies in a variety of industries. At both March 31, 2012 and December 31, 2011, there were no individual investments greater than 10% of the fair value of the Company’s portfolio. As of March 31, 2012 and December 31, 2011, the Company’s largest single portfolio company investment represented approximately 4.7% and 5.0%, respectively, of the fair value of the Company’s portfolio. Income, consisting of interest, dividends, fees, other investment income, and realization of gains or losses on equity interests, can fluctuate dramatically upon repayment of an investment or sale of an equity interest and in any given year can be highly concentrated among several portfolio companies.

The Company’s investments carry a number of risks including, but not limited to: 1) investing in lower middle market companies which have limited operating histories and financial resources; 2) investing in senior subordinated debt which ranks equal to or lower than debt held by other investors; and 3) holding investments that are not publicly traded and are subject to legal and other restrictions on resale, as well as other risks common to investing in below investment grade debt and equity instruments.

3. INCOME TAXES

The Company has elected for federal income tax purposes to be treated as a RIC under the Code, and intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay income taxes only on the portion of its taxable income and gains it does not distribute (actually or constructively) and certain built-in gains. The Company met its minimum distribution requirements for 2011, 2010 and 2009 and continually monitors its distribution requirements with the goal of ensuring compliance with the Code.

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

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

The Company has certain wholly owned taxable subsidiaries (the “Taxable Subsidiaries”) each of which holds one or more of the Company’s portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company’s consolidated financial statements reflect the Company’s investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold certain portfolio companies that are organized as limited liability companies (“LLCs”) (or other forms of pass-through entities) while satisfying the RIC tax requirement that at least 90% of the RIC’s gross revenue for income tax purposes must consist of qualifying investment income. Absent the Taxable Subsidiaries, a proportionate amount of any gross income of an LLC (or other pass-through entity) portfolio investment would flow through directly to the RIC. To the extent that such income did not consist of qualifying investment income, it could jeopardize the Company’s ability to qualify as a RIC and therefore cause the Company to incur significant amounts of federal income taxes. When LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, their income is taxed to the Taxable Subsidiaries and does not flow through to the RIC, thereby helping the Company preserve its RIC status and resultant tax advantages. The Taxable Subsidiaries are not consolidated for income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies. This income tax expense is reflected in the Company’s Statements of Operations.

For federal income tax purposes, the cost of investments owned at March 31, 2012 was approximately \$537.4 million.

4. LONG-TERM DEBT

The Company had the following borrowings outstanding as of March 31, 2012 and December 31, 2011:

<u>Issuance/Pooling Date</u>	<u>Maturity Date</u>	<u>Prioritized Return (Interest) Rate</u>	<u>March 31, 2012</u>	<u>December 31, 2011</u>
<u>SBA Debentures:</u>				
March 28, 2007	March 1, 2017	6.231%	—	4,000,000
March 26, 2008	March 1, 2018	6.214%	—	6,410,000
September 24, 2008	September 1, 2018	6.455%	50,900,000	50,900,000
March 25, 2009	March 1, 2019	5.337%	22,000,000	22,000,000
March 24, 2010	March 1, 2020	4.825%	6,800,000	6,800,000
September 22, 2010	September 1, 2020	3.687%	32,590,000	32,590,000
March 29, 2011	March 1, 2021	4.474%	75,400,000	75,400,000
September 21, 2011	September 1, 2021	3.392%	19,100,000	19,100,000
<u>SBA LMI Debentures:</u>				
September 14, 2010	March 1, 2016	2.508%	7,081,133	7,037,504
<u>Credit Facility</u>				
May 9, 2011	May 8, 2014	Variable	—	15,000,000
<u>Senior Notes</u>				
March 2, 2012	March 15, 2019	7.000%	69,000,000	—
			<u>\$282,871,133</u>	<u>\$239,237,504</u>

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SBA and SBA LMI Debentures

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

Under the Small Business Investment Act and current SBA policy applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time, SBA-guaranteed debentures up to two times (and in certain cases, up to three times) the amount of its regulatory capital. As of March 31, 2012, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that can be issued by a single SBIC is \$150.0 million and by a group of SBICs under common control is \$225.0 million. As of March 31, 2012, Triangle SBIC has issued \$139.6 million of SBA-guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2012, Triangle SBIC II has issued \$75.0 million in face amount of SBA-guaranteed debentures. The weighted average interest rates for all SBA-guaranteed debentures as of March 31, 2012 and December 31, 2011 were 4.76% and 4.83%, respectively.

In addition to a one-time 1.0% fee on the total commitment from the SBA, the Company also pays a one-time 2.425% fee on the amount of each SBA-guaranteed debenture issued and a one-time 2.0% fee on the amount of each SBA-guaranteed LMI debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. Upon prepayment of an SBA-guaranteed debenture, any unamortized deferred financing costs related to the SBA-guaranteed debenture are written off and recognized as a loss on extinguishment of debt in the Consolidated Statements of Operations. In the three months ended March 31, 2012 and 2011, the Company prepaid approximately \$10.4 million and \$9.5 million, respectively, of SBA-guaranteed debentures and recognized losses on extinguishment of debt of approximately \$0.2 million in each respective period.

Credit Facility

In May 2011, the Company entered into a three-year senior secured credit facility with an initial commitment of \$50.0 million (the "Credit Facility"). In November 2011, we closed an expansion of the Credit Facility, which included the addition of one new lender, from \$50.0 million to \$75.0 million. The purpose of the Credit Facility is to provide additional liquidity in support of future investment and operational activities. The Credit Facility was arranged by BB&T Capital Markets and Fifth Third Bank and has an accordion feature which allows for an increase in the total loan size up to \$90.0 million and also contains two one-year extension options, bringing the total potential commitment and funding period to five years from closing. The Credit Facility, which is structured to operate like a revolving credit facility, is secured primarily by Triangle Capital Corporation's assets, excluding the assets of Triangle SBIC and Triangle SBIC II.

Borrowings under the Credit Facility bear interest, subject to the Company's election, on a per annum basis equal to (i) the applicable base rate plus 1.95% or (ii) the applicable LIBOR rate plus 2.95%. The applicable base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR plus 2.0%. The Company pays unused commitment fees of 0.375% per annum, which are included with Interest and other credit facility fees on the Company's Consolidated Statement of Operations. As of March 31, 2012, the Company had no borrowings outstanding under the Credit Facility. As of December 31, 2011, the Company had \$15.0 million in borrowings outstanding under the Credit Facility with an interest rate of 5.2%.

The Credit Facility contains certain affirmative and negative covenants, including but not limited to (i) maintaining a minimum interest coverage ratio, (ii) maintaining a minimum liquidity ratio and (iii) maintaining minimum consolidated tangible net worth. As of March 31, 2012, the Company was in compliance with all covenants of the Credit Facility.

Senior Notes Due 2019

In March 2012, the Company issued \$69.0 million of senior unsecured notes (the "Senior Notes"). The Senior Notes mature on March 15, 2019, and may be redeemed in whole or in part at any time or from time to time at the Company's option on or after March 15, 2015. The Senior Notes bear interest at a rate of 7.00% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning June 15, 2012. The net proceeds to the Company from the sale of the Senior Notes, after underwriting discounts and offering expenses, were approximately \$66.8 million.

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5. EQUITY-BASED AND OTHER COMPENSATION PLANS

The Company's Board of Directors and stockholders have approved the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan (the "Plan"), under which there are 900,000 shares of the Company's Common Stock authorized for issuance. Under the Plan, the Board of Directors (or Compensation Committee, if delegated administrative authority by the Board of Directors) may award stock options, restricted stock or other stock based incentive awards to executive officers, employees and directors. Equity-based awards granted under the Plan to independent directors generally will vest over a one-year period and equity-based awards granted under the Plan to executive officers and employees generally will vest ratably over a four-year period.

The Company accounts for its equity-based compensation plan using the fair value method, as prescribed by ASC Topic 718, *Stock Compensation*. Accordingly, for restricted stock awards, we measure the grant date fair value based upon the market price of our common stock on the date of the grant and amortize this fair value to compensation expense over the requisite service period or vesting term.

The following table presents information with respect to the Plan for the three months ended March 31, 2012 and 2011:

	<u>Three Months Ended March 31, 2012</u>		<u>Three Months Ended March 31, 2011</u>	
	<u>Number of Shares</u>	<u>Weighted-Average Grant-Date Fair Value per Share</u>	<u>Number of Shares</u>	<u>Weighted-Average Grant-Date Fair Value per Share</u>
Unvested shares, beginning of period	359,555	\$ 15.39	302,698	\$ 11.40
Shares granted during the period	227,631	\$ 18.96	152,779	\$ 20.51
Shares vested during the period	<u>(107,067)</u>	\$ 13.61	<u>(68,873)</u>	\$ 11.25
Unvested shares, end of period	<u>480,119</u>	\$ 17.48	<u>386,604</u>	\$ 15.03

In the three months ended March 31, 2012 and 2011, the Company recognized equity-based compensation expense of approximately \$0.6 million and \$0.4 million, respectively. This expense is included in general and administrative expenses in the Company's consolidated statements of operations. As of March 31, 2012, there was approximately \$7.5 million of total unrecognized compensation cost, related to the Company's non-vested restricted shares. This cost is expected to be recognized over a weighted-average period of approximately 2.2 years.

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

The Company maintains a 401(k) plan in which all full-time employees who are at least 21 years of age and have 90 days of service are eligible to participate and receive employer contributions. Eligible employees may contribute a portion of their compensation on a pretax basis into the 401(k) plan up to the maximum amount allowed under the Code, and direct the investment of their contributions.

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6. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the three months ended March 31, 2012 and 2011:

	Three Months Ended March 31,	
	2012	2011
Per share data:		
Net asset value at beginning of period	\$ 14.68	\$ 12.09
Net investment income(1)	0.49	0.47
Net unrealized appreciation on investments(1)	0.02	0.27
Total increase from investment operations(1)	0.51	0.74
Cash dividends/distributions declared	(0.47)	(0.42)
Shares issued pursuant to Dividend Reinvestment Plan	0.01	0.01
Common stock offerings	0.55	1.17
Stock-based compensation	(0.13)	(0.11)
Loss on extinguishment of debt(1)	(0.01)	(0.01)
Income tax provision(1)	—	—
Other(2)	(0.02)	(0.05)
Net asset value at end of period	\$ 15.12	\$ 13.42
Market value at end of period(3)	\$ 19.75	\$ 18.06
Shares outstanding at end of period	27,263,151	18,569,856
Net assets at end of period	\$412,143,265	\$249,218,498
Average net assets	\$364,159,187	\$205,618,569
Ratio of total expenses to average net assets (annualized)	8%	9%
Ratio of net investment income to average net assets (annualized)	13%	15%
Portfolio turnover ratio	2%	5%
Total Return(4)	6%	(3%)
Efficiency Ratio(5)	19%	19%

- (1) Weighted average basic per share data.
- (2) Represents the impact of the different share amounts used in calculating per share data as a result of calculating certain per share data based upon the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.
- (3) Represents the closing price of the Company's common stock on the last day of the period.
- (4) Total return equals the change in the ending market value of the Company's common stock during the period, plus dividends declared per share during the period, divided by the market value of the Company's common stock on the first day of the period. Total return is not annualized.
- (5) Efficiency Ratio equals general and administrative expenses divided by total investment income.

7. SUBSEQUENT EVENTS

In April 2012, the Company invested \$23.0 million in subordinated debt and equity of WSO Holdings, LP ("WSO"), a producer of organic and fair trade sugars, syrups, nectars and honeys. Under the terms of the investment, WSO will pay interest on the subordinated debt at a rate of 14% per annum.

In April 2012, the Company received a full repayment of its subordinated debt investments in Novolyte Technologies, Inc. ("Novolyte"). In addition, the Company sold its preferred and common equity interests in Novolyte for net proceeds of approximately \$3.2 million, resulting in a realized gain of approximately \$2.4 million.

In April 2012, the Company invested \$7.0 million in subordinated debt of Tomich Brothers, LLC ("Tomich"), a processor and world-wide distributor of seafood indigenous to the waters of California. Under the terms of the investment, Tomich will pay interest on the subordinated debt at a rate of 15% per annum.

In April 2012, the Company invested \$18.5 million in senior subordinated debt and equity of Chromaflo Technologies, LLC. ("Chromaflo"), a developer, manufacturer and distributor of architectural and industrial colorants for the paint and coatings industries. Under the terms of the investment, Chromaflo will pay interest on the senior subordinated debt at a rate of 14% per annum.

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

The following discussion is designed to provide a better understanding of our unaudited consolidated financial statements, including a brief discussion of our business, key factors that impacted our performance and a summary of our operating results. The following discussion should be read in conjunction with the Unaudited Financial Statements and the notes thereto included in Item 1 of this Quarterly Report on Form 10-Q, and the Consolidated Financial Statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2011. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

Forward-Looking Statements

Some of the statements in this Quarterly Report constitute forward-looking statements because they relate to future events or our future performance or financial condition. Forward-looking statements may include, among other things, statements as to our future operating results, our business prospects and the prospects of our portfolio companies, the impact of the investments that we expect to make, the ability of our portfolio companies to achieve their objectives, our expected financings and investments, the adequacy of our cash resources and working capital, and the timing of cash flows, if any, from the operations of our portfolio companies. Words such as "expect," "anticipate," "target," "goals," "project," "intend," "plan," "believe," "seek," "estimate," "continue," "forecast," "may," "should," "potential," variations of such words, and similar expressions indicate a forward-looking statement, although not all forward-looking statements include these words. Readers are cautioned that the forward-looking statements contained in this Quarterly Report are only predictions, are not guarantees of future performance, and are subject to risks, events, uncertainties and assumptions that are difficult to predict. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors discussed herein and in Item 1A entitled "Risk Factors" in Part I of our Annual Report on Form 10-K for the year ended December 31, 2011. Other factors that could cause actual results to differ materially include changes in the economy, risks associated with possible disruption due to terrorism in our operations or the economy generally, and future changes in laws or regulations and conditions in our operating areas. These statements are based on our current expectations, estimates, forecasts, information and projections about the industry in which we operate and the beliefs and assumptions of our management as of the date of this Quarterly Report. We assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless we are required to do so by law. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we in the future may file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.

Overview of Our Business

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

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

We invest primarily in subordinated debt securities secured by second lien security interests in portfolio company assets, coupled with equity interests. On a more limited basis, we also invest in senior debt securities secured by first lien security interests in portfolio companies. Our investments generally range from \$5.0 million to \$25.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments.

We generate revenues in the form of interest income, primarily from our investments in debt securities, loan origination and other fees and dividend income. Loan origination fees received in connection with our debt investments are recognized as investment income over the life of the loan using the effective interest method or, in some cases, recognized as earned. We also receive fees from our portfolio companies, which are non-recurring in nature. Such fees include loan prepayment penalties, certain investment banking and structuring fees and loan waiver and amendment fees, and are recorded as investment income when received. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our debt investments generally have a term of between three and seven years and typically bear interest at fixed rates between 12.0% and 17.0% per annum. Certain of our debt investments have a form of interest, referred to as payment in kind, or PIK, interest, that is not paid currently but is instead accrued and added to the loan balance and paid at the end of the term. In our

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negotiations with potential portfolio companies, we generally seek to minimize PIK interest. Cash interest on our debt investments is generally payable monthly; however, some of our debt investments pay cash interest on a quarterly basis. As of March 31, 2012 and December 31, 2011 the weighted average yield on our outstanding debt investments other than non-accrual debt investments (including PIK interest) was approximately 15.1% and 15.0%, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 14.0% and 13.9% as of March 31, 2012 and December 31, 2011, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 13.8% and 13.6% as of March 31, 2012 and December 31, 2011, respectively.

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

Portfolio Composition

The total value of our investment portfolio was \$544.4 million as of March 31, 2012, as compared to 507.1 million as of December 31, 2011. As of March 31, 2012, we had investments in 66 portfolio companies with an aggregate cost of \$534.9 million. As of December 31, 2011, we had investments in 63 portfolio companies with an aggregate cost of \$498.3 million. As of both March 31, 2012 and December 31, 2011, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of March 31, 2012 and December 31, 2011, our investment portfolio consisted of the following investments:

	<u>Cost</u>	<u>Percentage of Total Portfolio</u>	<u>Fair Value</u>	<u>Percentage of Total Portfolio</u>
March 31, 2012:				
Subordinated debt and 2 nd lien notes	\$417,351,461	78%	\$408,479,846	75%
Senior debt and 1 st lien notes	68,624,919	13	68,441,221	13
Equity shares	38,948,717	7	49,504,013	9
Equity warrants	9,130,497	2	17,178,117	3
Royalty rights	874,400	—	832,000	—
	<u>\$534,929,994</u>	<u>100%</u>	<u>\$544,435,197</u>	<u>100%</u>
December 31, 2011:				
Subordinated debt and 2 nd lien notes	\$393,830,719	79%	\$387,169,056	76%
Senior debt and 1 st lien notes	60,622,827	12	59,974,195	12
Equity shares	34,741,728	7	43,972,024	9
Equity warrants	8,272,380	2	15,043,300	3
Royalty rights	874,400	—	920,000	—
	<u>\$498,342,054</u>	<u>100%</u>	<u>\$507,078,575</u>	<u>100%</u>

Investment Activity

During the three months ended March 31, 2012, the Company made four new investments totaling approximately \$41.0 million, debt investments in two existing portfolio companies totaling approximately \$0.8 million and one equity investment in an existing portfolio company totaling approximately \$0.2 million. We had two portfolio company loans repaid at par totaling approximately \$6.7 million and received normal principal repayments and partial loan prepayments totaling approximately \$1.6 million in the three months ended March 31, 2012.

During the three months ended March 31, 2011, we made five new investments totaling approximately \$51.5 million, debt investments in three existing portfolio companies totaling approximately \$16.6 million and two equity investments in existing portfolio companies totaling approximately \$0.1 million. We had two portfolio company loans repaid at par totaling approximately \$11.5 million and received normal principal repayments and partial loan prepayments totaling approximately \$3.4 million in the three months ended March 31, 2011.

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Total portfolio investment activity for the three months ended March 31, 2012 and 2011 was as follows:

<u>Three Months Ended March 31, 2012:</u>	<u>Subordinated Debt and 2nd Lien Notes</u>	<u>Senior Debt and 1st Lien Notes</u>	<u>Equity Shares</u>	<u>Equity Warrants</u>	<u>Royalty Rights</u>	<u>Total</u>
Fair value, beginning of period	\$387,169,056	\$59,974,195	\$43,972,024	\$15,043,300	\$920,000	\$507,078,575
New investments	27,726,000	9,161,883	4,206,989	858,117	—	41,952,989
Loan origination fees received	(466,420)	(200,000)	—	—	—	(666,420)
Principal repayments received	(7,048,039)	(1,205,805)	—	—	—	(8,253,844)
PIK interest earned	2,837,384	424,087	—	—	—	3,261,471
PIK interest payments received	(260,426)	(296,683)	—	—	—	(557,109)
Accretion of loan discounts	316,068	58,273	—	—	—	374,341
Accretion of deferred loan origination revenue	416,175	60,337	—	—	—	476,512
Unrealized gain (loss)	(2,209,952)	464,934	1,325,000	1,276,700	(88,000)	768,682
Fair value, end of period	<u>\$408,479,846</u>	<u>\$68,441,221</u>	<u>\$49,504,013</u>	<u>\$17,178,117</u>	<u>\$832,000</u>	<u>\$544,435,197</u>
Weighted average yield on debt investments at end of period(1)						<u>15.1%</u>
Weighted average yield on total investments at end of period(1)						<u>14.0%</u>
Weighted average yield on total investments at end of period						<u>13.8%</u>

<u>Three Months Ended March 31, 2011:</u>	<u>Subordinated Debt and 2nd Lien Notes</u>	<u>Senior Debt and 1st Lien Notes</u>	<u>Equity Shares</u>	<u>Equity Warrants</u>	<u>Royalty Rights</u>	<u>Total</u>
Fair value, beginning of period	\$234,049,688	\$44,584,148	\$38,719,699	\$7,902,458	\$734,600	\$325,990,593
New investments	56,674,559	9,000,000	2,086,951	514,002	—	68,275,512
Loan origination fees received	(1,226,292)	(240,000)	—	—	—	(1,466,292)
Principal repayments received	(14,661,635)	(275,229)	—	—	—	(14,936,864)
PIK interest earned	1,660,485	281,803	—	—	—	1,942,288
PIK interest payments received	(975,162)	(109,633)	—	—	—	(1,084,795)
Accretion of loan discounts	236,146	24,840	—	—	—	260,986
Accretion of deferred loan origination revenue	375,950	39,297	—	—	—	415,247
Unrealized gain (loss)	753,099	35,021	4,225,437	(331,102)	107,500	4,789,955
Fair value, end of period	<u>\$276,886,838</u>	<u>\$53,340,247</u>	<u>\$45,032,087</u>	<u>\$8,085,358</u>	<u>\$842,100</u>	<u>\$384,186,630</u>
Weighted average yield on debt investments at end of period(1)						<u>15.2%</u>
Weighted average yield on total investments at end of period(1)						<u>13.9%</u>
Weighted average yield on total investments at end of period						<u>13.3%</u>

(1) Excludes non-accrual debt investments.

Non-Accrual Assets

Generally, when interest and/or principal payments on a loan become past due, or if we otherwise do not expect the borrower to be able to service its debt and other obligations, we will place the loan on non-accrual status and will generally cease recognizing interest income on that loan for financial reporting purposes until all principal and interest have been brought current through payment or due to a restructuring such that the interest income is deemed to be collectible. As of December 31, 2011, the fair value of our non-accrual assets was approximately \$7.6 million, which comprised 1.5% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately \$11.0 million, which comprised 2.2% of the total cost of our portfolio. As of March 31, 2012, the fair value of our non-accrual assets was approximately \$2.2 million, which comprised 0.4% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately \$6.0 million, which comprised 1.1% of the total cost of our portfolio.

Our non-accrual assets as of March 31, 2012 are as follows:

Gerli and Company

In November 2008, we placed our debt investment in Gerli and Company, or Gerli, on non-accrual status. As a result, under generally accepted accounting principles in the United States, or U.S. GAAP, we no longer recognize interest income on our debt

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investment in Gerli for financial reporting purposes. During the first quarter of 2011, we restructured our investment in Gerli. As a result of the restructuring, we received a new note from Gerli with a face amount of \$3.0 million and a fair value of approximately \$2.3 million and preferred stock with a liquidation preference of \$0.4 million. Under the terms of the new note, interest on the note is payable only if Gerli meets certain covenants, which they were not compliant with as of March 31, 2012. In the three months ended March 31, 2012, we recognized unrealized appreciation on our debt investment in Gerli of approximately \$0.1 million. As of March 31, 2012, the cost of our debt investment in Gerli was \$3.0 million and the fair value was \$2.0 million.

Fire Sprinkler Systems, Inc.

In October 2008, we placed our debt investment in Fire Sprinkler Systems, Inc., or Fire Sprinkler Systems, on non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Fire Sprinkler Systems for financial reporting purposes. In the three months ended, March 31, 2011, we recorded unrealized depreciation of \$0.4 million on our debt investment in Fire Sprinkler Systems. As of March 31, 2012, the cost of our debt investment in Fire Sprinkler Systems was \$3.0 million and the fair value of such investment was \$0.2 million.

PIK Non-Accrual Asset

In addition, in certain circumstances, we may receive current cash interest payments related to a loan, but because we do not expect the borrower to be able to meet its debt obligations with respect to PIK interest, we will not recognize contractual PIK interest on the loan for financial reporting purposes. As of December 31, 2011, there were no investments on PIK non-accrual status. As of March 31, 2012, both the fair value and cost of our "PIK non-accrual asset" were approximately \$5.2 million, which comprised 1.0% of both the total fair value of our portfolio and the cost of our portfolio.

Our PIK non-accrual asset as of March 31, 2012 is as follows:

American De-Rosa Lamparts, LLC and Hallmark Lighting

In September 2009, we received notification from ADL's senior lender that ADL was blocked from making interest payments to us. As a result, we placed our investment in ADL on non-accrual status and, under U.S. GAAP, we no longer recognized interest income on our investment in ADL for financial reporting purposes. In June 2010, we converted approximately \$3.0 million of our subordinated debt in ADL to equity as part of a restructuring, resulting in realized loss of approximately \$3.0 million. In addition, as part of the 2010 restructuring agreement, in January 2012, ADL began making cash interest payments at a rate of 12% on our subordinated note.

Results of Operations

Comparison of three months ended March 31, 2012 and March 31, 2011

Investment Income

For the three months ended March 31, 2012, total investment income was \$19.1 million, a 54% increase from \$12.4 million of total investment income for the three months ended March 31, 2011. This increase was primarily attributable to a \$6.7 million increase in total loan interest, fee and dividend income (including PIK interest income) due to a net increase in our portfolio investments from March 31, 2011, to March 31, 2012, partially offset by a decrease in non-recurring fee income of approximately \$0.1 million. Non-recurring fee income was approximately \$0.4 million for the three months ended March 31, 2012 as compared to \$0.5 million for the three months ended March 31, 2011.

Expenses

For the three months ended March 31, 2012, expenses increased by 52% to \$6.9 million from \$4.5 million for the three months ended March 31, 2011. The increase in expenses was attributable to a \$1.1 million increase in interest and credit facility fees, a \$0.1 million increase in amortization of deferred financing fees and a \$1.2 million increase in general and administrative expenses. The increase in interest and credit facility fees is related to (i) interest on our 7.00% Senior Notes due 2019, or Senior Notes, of approximately \$0.4 million in the quarter ended March 31, 2012, (ii) credit facility fees of approximately \$0.1 million in the quarter ended March 31, 2012, and (iii) higher weighted-average rates on outstanding SBA-guaranteed debentures in the quarter ended March 31, 2012 as compared to weighted-average rates on outstanding SBA-guaranteed debentures in the quarter ended March 31, 2011. The increase in general and administrative expenses in the quarter ended March 31, 2012 was primarily related to increased salary and incentive compensation costs, as well as increased non-cash compensation expenses.

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Net Investment Income

As a result of the \$6.7 million increase in total investment income and the \$2.4 million increase in expenses, net investment income increased by 55% to \$12.2 million for the three months ended March 31, 2012 as compared to net investment income of \$7.9 million for the three months ended March 31, 2011.

Net Increase/Decrease in Net Assets Resulting from Operations

During the three months ended March 31, 2012, we recorded net unrealized appreciation of investments totaling approximately \$0.6 million, comprised of unrealized appreciation on 33 investments totaling approximately \$5.7 million and unrealized depreciation on 12 investments totaling approximately \$5.1 million. During the three months ended March 31, 2011, we recorded net unrealized appreciation of investments totaling approximately \$4.6 million, comprised of unrealized appreciation on 17 investments totaling approximately \$7.0 million and unrealized depreciation on 17 investments totaling approximately \$2.4 million.

During both the three months ended March 31, 2012 and 2011, we recognized losses on extinguishment of debt of approximately \$0.2 million related to prepayments of SBA-guaranteed debentures.

As a result of these events, our net increase in net assets from operations was \$12.6 million for the three months ended March 31, 2012 as compared to a net increase in net assets from operations of \$12.4 million for the three months ended March 31, 2011.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents on hand, our available leverage under our line of credit and our anticipated cash flows from operations will be adequate to meet our cash needs for our daily operations for at least the next twelve months.

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

Cash Flows

For the three months ended March 31, 2012, we experienced a net increase in cash and cash equivalents in the amount of \$75.6 million. During that period, our operating activities used \$30.3 million in cash, consisting primarily of new portfolio investments of \$42.0 million, partially offset by repayments received from portfolio companies of approximately \$8.3 million. In addition, financing activities provided \$105.9 million of cash, consisting primarily of proceeds from a public common stock offering of \$77.2 million and net proceeds from a public offering of Senior Notes of \$66.8 million, partially offset by cash dividends paid in the amount of \$11.8 million, repayments of SBA-guaranteed debentures of \$10.4 million, and a repayment of borrowings under the Credit Facility of \$15.0 million. At March 31, 2012, we had \$142.5 million of cash and cash equivalents on hand.

For the three months ended March 31, 2011, we experienced a net increase in cash and cash equivalents in the amount of \$18.6 million. During that period, our operating activities used \$48.9 million in cash, consisting primarily of new portfolio investments of \$68.3 million, partially offset by repayments received from portfolio companies and proceeds from the sale of investments totaling \$14.9 million. In addition, financing activities provided \$67.5 million of cash, consisting primarily of proceeds from a public common stock offering of \$63.1 million, borrowings under SBA-guaranteed debentures payable of \$21.6 million, offset by cash dividends paid in the amount of \$6.7 million, repayments of SBA-guaranteed debentures of \$9.5 million and financing fees paid in the amount of \$0.5 million. At March 31, 2011, we had \$73.4 million of cash and cash equivalents on hand.

Financing Transactions

Due to Triangle SBIC's and Triangle SBIC II's status as licensed SBICs, Triangle SBIC and Triangle SBIC II have the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the Small Business Investment Act and the SBA rules applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time debentures guaranteed by the SBA up to two times (and in certain cases, up to three times) the amount of its regulatory capital, which generally is the amount raised from private investors. As of March 31, 2012, the maximum statutory limit on the dollar amount of outstanding debentures guaranteed by the SBA issued by a single SBIC is \$150.0 million and by a group of SBICs under common control is \$225.0 million. Debentures guaranteed by the SBA have a maturity of ten years, with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time, without penalty.

As of March 31, 2012, Triangle SBIC has issued \$139.6 million of SBA-guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2012, Triangle SBIC II has issued \$75.0 million in face amount of SBA-guaranteed debentures. In addition to the one-time 1.0% fee on the total commitment from the

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SBA, the Company also pays a one-time 2.425% fee on the amount of each debenture issued (2.0% for SBA LMI debentures). These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rate for all SBA-guaranteed debentures as of March 31, 2012 was 4.76%.

In May 2011, we entered into a three-year senior secured credit facility (the "Credit Facility") with an initial commitment of \$50.0 million. In November 2011, we closed an expansion of the Credit Facility from \$50.0 million to \$75.0 million, which included the addition of one new lender. The purpose of the Credit Facility is to provide additional liquidity in support of future investment and operational activities. The Credit Facility was arranged by BB&T Capital Markets and Fifth Third Bank and has an accordion feature which allows for an increase in the total loan size up to \$90.0 million and also contains two one-year extension options, bringing the total potential commitment and funding period to five years from the closing date. The Credit Facility, which is structured to operate like a revolving credit facility, is secured primarily by Triangle Capital Corporation's assets, excluding the assets of Triangle SBIC and Triangle SBIC II.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.95% or (ii) the applicable LIBOR rate plus 2.95%. The applicable base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR plus 2.0%. We pay unused commitment fees of 0.375% per annum, which are included in "Interest and credit facility fees" on our Consolidated Statement of Operations. As of March 31, 2012, the Company had no borrowings outstanding under the Credit Facility.

In March 2012, we issued \$69.0 million of Senior Notes. The Senior Notes mature on March 15, 2019, and may be redeemed in whole or in part at any time or from time to time at our option on or after March 15, 2015. The Senior Notes bear interest at a rate of 7.00% per year payable quarterly on March 15, June 15, September 15 and December 15 of each year, beginning June 15, 2012. The net proceeds from the sale of the Senior Notes, after underwriting discounts and offering expenses, were approximately \$66.8 million.

Distributions to Stockholders

We have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended, or the "Code," and intend to make the required distributions to our stockholders as specified therein. In order to qualify as a RIC and to obtain RIC tax benefits, we must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then we are generally required to pay income taxes only on the portion of our taxable income and gains we do not distribute (actually or constructively) and certain built-in gains. We met our minimum distribution requirements for 2011, 2010, 2009, 2008 and 2007 and continually monitor our distribution requirements with the goal of ensuring compliance with the Code.

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

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

Current Market Conditions

Beginning in 2008, the debt and equity capital markets in the United States were severely impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated bank loan market, among other factors. These events, along with the deterioration of the housing market, led to an economic recession in the U.S. and abroad. Banks, investment companies and others in the financial services industry reported significant write-downs in the fair value of their assets, which led to the failure of a number of banks and investment companies, a number of distressed mergers and acquisitions, the government take-over of the nation's two largest government-sponsored mortgage companies, the passage of the \$700 billion Emergency Economic Stabilization Act of 2008 in October 2008 and the passage of the American Recovery and Reinvestment Act of 2009, or the Stimulus Bill, in February 2009. These events significantly impacted the financial and credit markets and reduced the

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availability of debt and equity capital for the market as a whole, and for financial firms in particular. Notwithstanding recent gains across both the equity and debt markets, these conditions may reoccur in the future and could then continue for a prolonged period of time. Although we have been able to secure access to additional liquidity, including our recent public offerings of common stock and debt securities, increased leverage available through the SBIC program as a result of the Stimulus Bill and our \$75.0 million Credit Facility, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

Recent Developments

In April 2012, we invested \$23.0 million in subordinated debt and equity of WSO Holdings, LP (“WSO”), a producer of organic and fair trade sugars, syrups, nectars and honeys. Under the terms of the investment, WSO will pay interest on the subordinated debt at a rate of 14% per annum.

In April 2012, we received a full repayment of our subordinated debt investments in Novolyte Technologies, Inc. (“Novolyte”). In addition, we sold our preferred and common equity interests in Novolyte for net proceeds of approximately \$3.2 million, resulting in a realized gain of approximately \$2.4 million.

In April 2012, we invested \$7.0 million in subordinated debt of Tomich Brothers, LLC (“Tomich”), a processor and world-wide distributor of seafood indigenous to the waters of California. Under the terms of the investment, Tomich will pay interest on the subordinated debt at a rate of 15% per annum.

In April 2012, we invested \$18.5 million in senior subordinated debt and equity of Chromaflo Technologies, LLC. (“Chromaflo”), a developer, manufacturer and distributor of architectural and industrial colorants for the paint and coatings industries. Under the terms of the investment, Chromaflo will pay interest on the senior subordinated debt at a rate of 14% per annum.

Critical Accounting Policies and Use of Estimates

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

Investment Valuation

The most significant estimate inherent in the preparation of our financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. We have established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring basis in accordance with the 1940 Act and FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, or ASC Topic 820. Under ASC Topic 820, a financial instrument is categorized within the ASC Topic 820 valuation hierarchy based upon the lowest level of input to the valuation process that is significant to the fair value measurement. The three levels of valuation inputs established by ASC Topic 820 are as follows:

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

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

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

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

Our valuation process is led by our executive officers and managing directors. The valuation process begins with a quarterly review of each investment in our investment portfolio by our executive officers and our investment committee. Valuations of each portfolio security are then prepared by our investment professionals, who have direct responsibility for the origination, management and monitoring of each investment. Under our valuation policy, each investment valuation is subject to (i) a review by the lead investment officer responsible for the portfolio company investment and (ii) a peer review by a second investment officer or executive officer. Generally, any investment that is valued below cost is subjected to review by one of our executive officers. After the peer review is complete, we engage Duff & Phelps, LLC (“Duff & Phelps”), an independent valuation firm, to provide a third-party review of certain investments, as described further below. In addition, all investment valuations are provided to our independent registered public accounting firm in connection with quarterly review procedures and the annual audit of our financial statements. Finally, the Board of Directors has the responsibility for reviewing and approving, in good faith, the fair value of our investments in accordance with the 1940 Act.

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Duff & Phelps provides third party valuation consulting services to us which consist of certain limited procedures that we identified and requested Duff & Phelps to perform (hereinafter referred to as the “procedures”). We generally requests Duff & Phelps to perform the procedures on each portfolio company at least once in every calendar year and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In addition, we generally requests Duff & Phelps to perform the procedures on a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders’ best interest, to request Duff & Phelps to perform the procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of the investment in the portfolio company is determined to be insignificant relative to the total investment portfolio.

The total number of investments and the percentage of our portfolio on which we asked Duff & Phelps to perform such procedures are summarized below by period:

<u>For the quarter ended:</u>	<u>Total companies</u>	<u>Percent of total investments at fair value⁽¹⁾</u>
March 31, 2011	11	34%
June 30, 2011	13	26%
September 30, 2011	11	31%
December 31, 2011	12	22%
March 31, 2012	10	19%

⁽²⁾ Exclusive of the fair value of new investments made during the quarter

Upon completion of the procedures, Duff & Phelps concluded that the fair value of those investments subjected to the procedures appeared reasonable. Our Board of Directors is ultimately responsible for determining the fair value of our investments in good faith.

Investment Valuation Inputs

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

Enterprise Value Waterfall Approach

In valuing equity securities (including warrants), we estimate fair value using an “Enterprise Value Waterfall” valuation model. We estimate the enterprise value of a portfolio company and then allocate the enterprise value to the portfolio company’s securities in order of their relative liquidation preference. In addition, the model assumes that any outstanding debt or other securities that are senior to our equity securities are required to be repaid at par.

To estimate the enterprise value of the portfolio company, we primarily use a valuation model based on a transaction multiple, which generally is the original transaction multiple, and measures of the portfolio company’s financial performance. In addition, we consider other factors, including but not limited to (i) offers from third-parties to purchase the portfolio company, (ii) the implied value of recent investments in the equity securities of the portfolio company, (iii) publicly available information regarding recent sales of private companies in comparable transactions and, (iv) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and the market multiple of their equity securities.

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

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

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

Income Approach

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

We consider the factors above, particularly any significant changes in the portfolio company's results of operations and leverage, and develop an expectation of the yield that a hypothetical market participant would require when purchasing the debt investment (the "Required Rate of Return"). The Required Rate of Return, along with the Leverage Ratio and Adjusted EBITDA are the significant Level 3 inputs to the Income Approach model. For investments where the Leverage Ratio and Adjusted EBITDA have not fluctuated significantly from the date the investment was made or have not fluctuated significantly from management's expectations as of the date the investment was made, and where there have been no significant fluctuations in the market pricing for such investments, we may conclude that the Required Rate of Return is equal to the stated rate on the investment and therefore, the debt security is appropriately priced. In instances where we determine that the Required Rate of Return is different from the stated rate on the investment, we discount the contractual cash flows on the debt instrument using the Required Rate of Return in order to estimate the fair value of the debt security.

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Fair value measurements using the Income Approach model can be sensitive to significant changes in one or more of the inputs. A significant increase (decrease) in the Required Rate of Return or Leverage Ratio inputs for a particular debt security may result in a lower (higher) fair value for that security. A significant increase (decrease) in the Adjusted EBITDA input for a particular debt security may result in a higher (lower) fair value for that security.

The fair value of our royalty rights are calculated based on specific provisions contained in the pertinent operating or royalty agreements. The determination of the fair value of such royalty rights is not a significant component of our valuation process.

Revenue Recognition

Interest and Dividend Income

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

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

Fee Income

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

Payment-in-Kind Interest (PIK)

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

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

We may have to include in our ICTI, PIK interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. As a result, we may be required to make a distribution to our stockholders in order to satisfy the minimum distribution requirements, even though we will not have received and may not ever receive any corresponding cash amount.

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Recently Issued Accounting Standards

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurements (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*, or ASU 2011-04. ASU 2011-04 clarifies the application of existing fair value measurement and disclosure requirements, changes the application of some requirements for measuring fair value and requires additional disclosure for fair value measurements categorized in Level 3 of the fair value hierarchy. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011. We adopted this standard on January 1, 2012. The adoption of ASU 2011-04 did not have a material impact on our process for measuring fair values or on our financial statements, other than the inclusion of additional required disclosures.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

During 2011 and the first quarter of 2012, the United States economy continued to show modest improvements; however, during the third quarter of 2011, the financial markets experienced increased volatility and economic indicators suggested a further slowdown of the United States and European economies potentially leading to another recession. A prolonged slowdown in economic activity would likely have an adverse effect on a number of the industries in which some of our portfolio companies operate, and on certain of our portfolio companies as well. In addition, the recent sovereign debt crises may continue to impact the broader financial and credit markets and may continue to reduce the availability of debt and equity capital for the market as a whole and financial firms in particular.

During 2010, we experienced a \$10.9 million increase in the fair value of our investment portfolio related to unrealized appreciation of investments. In 2011, we experienced a \$6.4 million increase in the fair value of our investment portfolio related to unrealized appreciation of investments and in the first quarter of 2012, we experienced a slight increase of \$0.6 million in the fair value of our investment portfolio related to unrealized appreciation of investments.

As of March 31, 2012, the fair value of our non-accrual assets was approximately \$2.2 million, which comprised approximately 0.4% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately \$6.0 million, or 1.1% of the total cost of our portfolio. We also had one asset as of March 31, 2012 that was on non-accrual with respect to the PIK interest component of the loan. Both the fair value and the cost of this asset as of March 31, 2012 was approximately \$5.2 million, which comprised approximately 1.0% of both the total fair value of our portfolio and the cost of our portfolio. In addition to these non-accrual assets, as of March 31, 2012, we had, on a fair value basis, approximately \$23.8 million of debt investments, or 4.4% of the total fair value of our portfolio, which were current with respect to scheduled principal and interest payments, but which were carried at less than cost. The cost of these assets as of March 31, 2012 was approximately \$31.4 million, or 5.9% of the total cost of our portfolio.

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

In addition, we are subject to interest rate risk. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest-bearing debt and liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio. Our investment income is affected by fluctuations in various interest rates, including LIBOR and prime rates. We regularly measure exposure to interest rate risk and determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. As of March 31, 2012, we were not a party to any hedging arrangements.

As of March 31, 2012, approximately 96.5%, or \$469.1 million (at cost) of our debt portfolio investments bore interest at fixed rates and approximately 3.5%, or \$16.9 million (at cost) of our debt portfolio investments bore interest at variable rates, which are either Prime-based or LIBOR-based. A 200 basis point increase or decrease in the interest rates on our variable-rate debt investments

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would increase or decrease, as applicable, our investment income by approximately \$0.3 million on an annual basis. All of our pooled SBA-guaranteed debentures and our Senior Notes bear interest at fixed rates. Our Credit Facility bears interest, subject to our election, on a per annum basis equal to (i) the applicable base rate plus 1.95% or (ii) the applicable LIBOR rate plus 2.95%. The applicable base rate is equal to the greater of (i) prime rate, (ii) the federal funds rate plus 0.5% or (iii) the adjusted one-month LIBOR plus 2.0%.

Because we currently borrow, and plan to borrow in the future, money to make investments, our net investment income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest the funds borrowed. Accordingly, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds would increase, which could reduce our net investment income if there is not a corresponding increase in interest income generated by our investment portfolio.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the first quarter of 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

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

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which could materially affect our business, financial condition or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

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

Sales of Unregistered Securities

During the quarter ended March 31, 2012, we issued a total of 52,717 shares of our common stock under our dividend reinvestment plan pursuant to an exemption from the registration requirements of the Securities Act of 1933. The aggregate offering price for the shares of common stock sold under the dividend reinvestment plan was \$1.0 million.

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Issuer Purchases of Equity Securities

During the three months ended March 31, 2012, there were elections by employees to surrender shares of stock upon vesting of shares of restricted stock to cover tax withholding obligations. The following chart summarizes repurchases of our common stock for the three months ended March 31, 2012.

<u>Period</u>	<u>Total Number of Shares</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs</u>
January 1-31, 2012	—	—	—	—
February 1-29, 2012	46,923 ⁽¹⁾	\$ 19.13	—	—
March 1-31, 2012	—	—	—	—
Total	46,923	\$ 19.13	—	—

⁽¹⁾ Represents shares of our common stock delivered to us in satisfaction of certain tax withholding obligations of holders of restricted shares that vested during this period.

Pursuant to Section 23(c)(1) of the Investment Company Act of 1940, we intend to purchase our common stock in the open market in order to satisfy our dividend reinvestment plan obligations if, at the time of the distribution of any dividend, our common stock is trading at a price per share below net asset value. We did not purchase any shares of our common stock to satisfy our dividend reinvestment plan obligations during the three months ended March 31, 2012.

Item 3. *Defaults Upon Senior Securities.*

Not applicable.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

Not applicable.

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Item 6. Exhibits.

<u>Number</u>	<u>Exhibit</u>
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
3.2	Third Amended and Restated Bylaws of the Registrant (Filed as Exhibit 3.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 4, 2011 and incorporated herein by reference).
3.3	Certificate of Domestic Limited Partnership of Triangle Mezzanine Fund LLLP (Filed as Exhibit (a)(4) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on February 13, 2007 and incorporated herein by reference).
3.4	Second Amended and Restated Agreement of Limited Partnership of Triangle Mezzanine Fund LLLP (Filed as Exhibit 3.4 to the Registrant's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 7, 2007 and incorporated herein by reference).
4.1	Form of Common Stock Certificate (Filed as Exhibit (d) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on February 15, 2007 and incorporated herein by reference).
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4.3	Agreement to Furnish Certain Instruments (Filed as Exhibit 4.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on February 25, 2009 and incorporated herein by reference).
4.4	Indenture, dated March 2, 2012 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit (d)(5) to the Registrant's Post-Effective Amendment No. 2 on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
4.5	First Supplemental Indenture, dated March 2, 2012 between the Registrant and the Bank of New York Mellon Trust Company, N.A. (Filed as Exhibit (d)(6) to the Registrant's Post-Effective Amendment No. 2 on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
4.6	Form of 7.00% Senior Note due 2019 (Filed as Exhibit (d)(7) to the Registrant's Post-Effective Amendment No. 2 on Form N-2 filed with the Securities and Exchange Commission on March 2, 2012 and incorporated herein by reference).
10.1	Triangle Capital Corporation Executive Deferred Compensation Plan.*+
10.2	First Amendment to Credit Agreement between the Registrant, Branch Banking and Trust Company, BB&T Capital Markets and Fifth Third Bank dated February 28, 2012.*
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Chief Executive Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Chief Financial Officer Certification pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* Filed Herewith.

+ Management contract or compensation plan or arrangement

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SIGNATURES

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

TRIANGLE CAPITAL CORPORATION

Date: May 2, 2012

/s/ Garland S. Tucker, III

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

Date: May 2, 2012

/s/ Steven C. Lilly

Steven C. Lilly
Chief Financial Officer and Director

Date: May 2, 2012

/s/ C. Robert Knox, Jr.

C. Robert Knox, Jr.
Principal Accounting Officer

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EXHIBIT INDEX

<u>Number</u>	<u>Exhibit</u>
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
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* Filed Herewith.

+ Management contract or compensation plan or arrangement

**TRIANGLE CAPITAL CORPORATION
EXECUTIVE DEFERRED COMPENSATION PLAN**

RECITALS:

A. Triangle Capital Corporation (the “Company”) hereby establishes this Triangle Capital Corporation Executive Deferred Compensation Plan (the “Plan”). The Plan shall be administered by the Committee (as herein defined).

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

**ARTICLE I
GENERAL**

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

Section 1.2 Effective Date. The effective date of the Plan is [December 31, 2011].

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

**ARTICLE II
DEFINITIONS**

Section 2.1 Account. Account means, with respect to each Participant, such Participant’s Deferral Account and Employer Contributions Account.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 2.20 Separation from Service. Separation from Service shall mean a Participant's "separation from service" as such term is defined under Section 1.409A-1(h) of the U.S. Treasury Regulations.

Section 2.21 Specified Employee. Specified Employee has the meaning ascribed to it in Section 1.409A-1(i)(1) of the U.S. Treasury Regulations.

Section 2.22 Subsidiary. Subsidiary means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing more than 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

Section 2.23 Unforeseeable Emergency. Unforeseeable Emergency means an event which results (or will result) in severe financial hardship to the Participant as a consequence of an illness or accident of the Participant, the Participant's spouse, the Participant's Beneficiary or the Participant's dependent (as determined under Section 152 of the Code, without regard to Sections 152(b)(1), (b)(2) and (d)(1)(B)) or loss of the Participant's property due to casualty or other similar extraordinary and unforeseen circumstances beyond the control of the Participant. Examples of what is not considered to be an Unforeseeable Emergency include the need to send a Participant's child to college and the desire to purchase a house.

Section 2.24 Year(s) of Service. Year of Service means, with respect to each Participant, any Plan Year throughout which the Participant is employed by an Employer on a full-time basis, as determined by the Committee in its discretion. In determining Years of Service hereunder, the Committee may (but need not) give service credit to any Participant who takes an authorized leave of absence from his employment.

ARTICLE III DEFERRED COMPENSATION BENEFITS

Section 3.1 Deferred Compensation Benefits.

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

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

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

(d) Vesting.

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

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

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

(iv) Notwithstanding anything herein to the contrary, each Participant shall become 100% vested in amounts credited to his Employer Contributions Account upon termination of such Participant's employment with the Employer by reason of death or

Retirement or upon the occurrence of a Change in Control or Participant's Disability; *provided, however*, that the Participant shall not become vested upon the occurrence of a Change in Control to the extent such vesting would cause any portion of his Deferred Compensation Benefits to constitute an "excess parachute payment" under Code Section 280G. The Committee in its discretion shall determine whether and to what extent any Deferred Compensation Benefits constitute "excess parachute payments" hereunder.

3.2 Payment of Deferred Compensation Benefits.

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

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

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

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

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

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

(i) a lump sum payment; or

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

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

3.3 Deferral Elections; Modifications.

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

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

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

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

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

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

Section 3.4 Special Rules Related to Distributions.

(a) Unforeseeable Emergency Distributions. The Committee may at any time, upon written request of the Participant, cause to be paid to such Participant an amount equal to all or any

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

(b) **Small Accounts.** If a Participant's Account is \$17,000 (this amount shall be adjusted for cost-of-living increases pursuant to Section 402(g)(4) of the Code) or less at the time of the Participant's Separation from Service, such Participant's Deferred Compensation Benefits shall automatically be paid to him in a single lump sum payment as soon as practicable following his Separation from Service.

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

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

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

**ARTICLE IV
BENEFICIARIES**

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

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

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

**ARTICLE V
MISCELLANEOUS**

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

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

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

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

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

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

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

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

ARTICLE VI ADMINISTRATION OF PLAN

Section 6.1 Administration.

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

(b) Compliance with Tax Provisions. The Plan is intended to comply with the provisions of Section 409A of the Code (including the U.S. Treasury Regulations and other guidance issued thereunder), and the Committee shall interpret the Plan in a manner consistent therewith.

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

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

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

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

- (a) the specific reasons for the denial;
- (b) specific reference to pertinent Plan provisions on which the denial is based;
- (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (d) an explanation of the claim review procedure.

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

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

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

Section 6.5 Amendment. The Committee may at any time (without the consent of any Subsidiary which adopts the Plan) amend any or all of the provisions of this Plan, except that no such amendment may (a) reduce the balance of any Participant's Account as of the date of such amendment, (b) change the time or form of distribution from a Participant's Account or (c) change the provisions of the Plan applicable to a Participant's Account upon a Change in Control, without the prior written consent of such Participant. Any amendment shall be in the form of a written instrument executed by an officer of the Company pursuant to a resolution adopted by the Committee. Subject to the foregoing provisions of this Section 6.6, such amendment shall become effective as of the date specified in such instrument or, if no such date is specified, on the date of its execution.

Section 6.6 Termination. The Committee, in its discretion (without the consent of any Subsidiary which adopts the Plan), may terminate this Plan and pay amounts due hereunder to the full extent permitted by and in accordance with Section 409A of the Code (including, but not limited to, Section 1.409A-3(j)(4)(ix) of the U.S. Treasury Regulations), except that no such termination may (a) reduce the balance of any Participant's Account as of the date of such termination or (b) materially change the provisions of the Plan applicable to a Participant's Account upon a Change in Control, without the prior written consent of such Participant. Any such termination shall be expressed in the form of a written instrument executed by an officer of the Company pursuant to a resolution adopted by the Committee. Subject to the foregoing provisions of this Section 6.7, such termination shall become effective as of the date specified in such instrument or, if no such date is specified, on the date of its execution. Written notice of any termination shall be given to the Participants as soon as practicable after the instrument is executed.

[Signature Page to Follow]

Executed this 14th day of March, 2012.

TRIANGLE CAPITAL CORPORATION

By: /s/ Garland S. Tucker, III

Its: President & CEO

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is made as of the 28th day of February, 2012, by and among TRIANGLE CAPITAL CORPORATION, a Maryland corporation (the "Borrower"), the INITIAL GUARANTORS identified in the Credit Agreement (as defined below) (the "Guarantors"), BRANCH BANKING AND TRUST COMPANY (the "Administrative Agent"), and all of the LENDERS, as defined in the Credit Agreement (the "Lenders").

RECITALS:

The Borrower, the Guarantors, the Administrative Agent and the Lenders have entered into a certain Credit Agreement dated as of May 9, 2011, as amended by the Supplement and Joinder Agreement dated November 1, 2011 (collectively, the "Credit Agreement"). Capitalized terms used in this Amendment that are not otherwise defined in this Amendment shall have the respective meanings assigned to them in the Credit Agreement.

The Borrower and the Guarantors have requested that the Administrative Agent and the Lenders amend the Credit Agreement.

The Lenders, the Administrative Agent, the Guarantors and the Borrower desire to amend the Credit Agreement upon the terms and conditions hereinafter set forth to allow the issuance of additional debt.

NOW, THEREFORE, in consideration of the Recitals and the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Guarantors, the Administrative Agent and the Lenders, intending to be legally bound hereby, agree as follows:

SECTION 1. Recitals. The Recitals are incorporated herein by reference and shall be deemed to be a part of this Amendment.

SECTION 2. Amendment to Credit Agreement. The Credit Agreement is hereby amended as set forth in this Section 2.

SECTION 2.01. Amendment to Section 5.31. New subsection (f) is hereby added to Section 5.31 as follows:

; and (f) Debt evidenced by the Borrower's unsecured 7.00% Senior Notes due March 15, 2019 in the aggregate principal amount of up to \$69,000,000 issued pursuant to the Indenture dated on or about March 2, 2012 between the Borrower and The Bank of New York Mellon Trust Company, N.A. and the First Supplemental Indenture dated on or about March 2, 2012 between the Borrower and The Bank of New York Mellon Trust Company, N.A.

SECTION 3. Conditions to Effectiveness. The effectiveness of this Amendment and the obligations of the Lenders hereunder are subject to the following conditions, unless the Required Lenders waive such conditions:

(a) The Borrower shall have delivered to the Administrative Agent the following in form and substance satisfactory to the Administrative Agent:

- (i) duly executed counterparts of this Amendment signed by the Borrower and the Guarantors; and
- (ii) such other documents or items that the Administrative Agent, the Lenders or their counsel may reasonably request.

(b) The Borrower shall have paid to the Administrative Agent, upon application with appropriate documentation, all reasonable costs and expenses of the Administrative Agent, including reasonable fees, charges and disbursements of counsel for the Administrative Agent, incurred in connection with this Amendment and the transactions contemplated herein.

SECTION 4. No Other Amendment. Except for the amendments set forth above, the text of the Credit Agreement shall remain unchanged and in full force and effect. On and after the First Amendment Effective Date, all references to the Credit Agreement in each of the Loan Documents shall hereafter mean the Credit Agreement as amended by this Amendment. This Amendment is not intended to effect, nor shall it be construed as, a novation. The Credit Agreement and this Amendment shall be construed together as a single agreement. This Amendment shall constitute a Loan Document under the terms of the Credit Agreement. Nothing herein contained shall waive, annul, vary or affect any provision, condition, covenant or agreement contained in the Credit Agreement, except as herein amended, nor affect nor impair any rights, powers or remedies under the Credit Agreement as hereby amended. The Lenders and the Administrative Agent do hereby reserve all of their rights and remedies against all parties who may be or may hereafter become secondarily liable for the repayment of the Notes. The Borrower promises and agrees to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement, as heretofore and hereby amended, the Credit Agreement, as amended, and the other Loan Documents being hereby ratified and affirmed. The Borrower hereby expressly agrees that the Credit Agreement, as amended, and the other Loan Documents are in full force and effect.

SECTION 5. Representations and Warranties. The Borrower and the Guarantors hereby represent and warrant to each of the Lenders as follows:

(a) (i) All representations and warranties of the Borrower and the Guarantors contained in the Loan Documents are true and correct (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which

case such representation or warranty is true and correct as of such date), (ii) immediately after giving effect to this Amendment, the Borrower is in compliance with the covenants contained in Article V of the Credit Agreement, and (iii) no Default or Event of Default has occurred and is continuing, both immediately before and after giving effect to this Amendment.

(b) The Borrower and the Guarantors have the power and authority to enter into this Amendment and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by them.

(c) This Amendment has been duly authorized, validly executed and delivered by one or more authorized officers of the Borrower and the Guarantors and constitutes the legal, valid and binding obligations of the Borrower and the Guarantors enforceable against them in accordance with their respective terms.

(d) The execution and delivery of this Amendment and the performance by the Borrower and the Guarantors hereunder and thereunder do not and will not require the consent or approval of any regulatory authority or governmental authority or agency having jurisdiction over the Borrower, or any Guarantor, nor be in contravention of or in conflict with the articles of incorporation, bylaws or other organizational documents of the Borrower, or any Guarantor that is a corporation, the articles of organization or operating agreement of any Guarantor that is a limited liability company, or the provision of any statute, or any judgment, order or indenture, instrument, agreement or undertaking, to which any Borrower, or any Guarantor is party or by which the assets or properties of the Borrower and the Guarantors are or may become bound.

SECTION 6. Counterparts; Governing Law. This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which, taken together, shall constitute one and the same agreement. This Amendment shall be construed in accordance with and governed by the laws of the State of North Carolina.

SECTION 7. Amendment. This Amendment may not be amended or modified without the written consent of the Lenders.

SECTION 8. Effective Date. The date on which the conditions set forth in this Amendment have been satisfied shall be the "First Amendment Effective Date" of this Amendment.

SECTION 9. Further Assurances. The Loan Parties agree to promptly take such action, upon the request of the Administrative Agent, as is necessary to carry out the intent of this Amendment.

SECTION 10. Consent by Guarantors. The Guarantors consent to the foregoing amendments. The Guarantors promise and agree to perform all of the requirements, conditions, agreements and obligations under the terms of the Credit Agreement as hereby amended, the Credit Agreement, as hereby amended, being hereby ratified and affirmed. In furtherance and not in limitation of the foregoing, the Guarantors acknowledge and agree that the "Guaranteed

Obligations” (as defined in the Credit Agreement) include, without limitation, the indebtedness, liabilities and obligations evidenced by the Notes and the Advances made under the Credit Agreement as hereby amended. The Guarantors hereby expressly agree that the Credit Agreement, as hereby amended, is in full force and effect.

SECTION 11. Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12. Notices. All notices, requests and other communications to any party to the Loan Documents, as amended hereby, shall be given in accordance with the terms of Section 9.01 of the Credit Agreement.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have executed and delivered, or have caused their respective duly authorized officers and representatives to execute and deliver, this Agreement as of the day and year first above written.

BORROWER

TRIANGLE CAPITAL CORPORATION

By: /s/ Steven C. Lilly

Name: Steven C. Lilly

Title: Chief Financial Officer

[Signatures Continue on Next Page]

INITIAL GUARANTORS

ARC INDUSTRIES HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

BRANTLEY HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

ENERGY HARDWARE HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

MINCO HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

PEADEN HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

TECHNOLOGY CROPS HOLDINGS, INC.

By: /s/ Steven C. Lilly
Name: Steven C. Lilly
Title: Secretary

[Signatures Continue on Next Page]

BRANCH BANKING AND TRUST COMPANY
as Administrative Agent and as a Lender

By: /s/ William B. Keene

Name: William B. Keene

Title: Vice President

[Signatures Continues on Next Page]

FIFTH THIRD BANK

as a Lender

By: /s/ Robert B. Weaver

Name: Robert B. Weaver

Title: Vice President

[Signatures Continue on Next Page]

MORGAN STANLEY BANK, N.A.
as a Lender

By: /s/ Harry Comminellis
Name: Harry Comminellis
Title: Authorized Signatory

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

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

1. I have reviewed this quarterly report on Form 10-Q of Triangle Capital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ GARLAND S. TUCKER, III

Garland S. Tucker, III
Chief Executive Officer

May 2, 2012

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

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

1. I have reviewed this quarterly report on Form 10-Q of Triangle Capital Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ STEVEN C. LILLY

Steven C. Lilly
Chief Financial Officer

May 2, 2012

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

In connection with the Quarterly Report of Triangle Capital Corporation (the "Company") on Form 10-Q for the period ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Garland S. Tucker, III, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ GARLAND S. TUCKER, III

Garland S. Tucker, III
Chief Executive Officer

May 2, 2012

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

In connection with the Quarterly Report of Triangle Capital Corporation (the "Company") on Form 10-Q for the period ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven C. Lilly, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ STEVEN C. LILLY

Steven C. Lilly
Chief Financial Officer

May 2, 2012