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, 2010

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 001-33130

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 3, 2010 was 12,007,146.

TRIANGLE CAPITAL CORPORATION
TABLE OF CONTENTS
QUARTERLY REPORT ON FORM 10-Q

PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements***

TRIANGLE CAPITAL CORPORATION
Consolidated Balance Sheets

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Investments at fair value:		
Non—Control / Non—Affiliate investments (cost of $154,460,897 and $143,239,223 at March 31, 2010 and December 31, 2009, respectively)	$149,994,248	$138,281,894
Affiliate investments (cost of $44,331,959 and $47,934,280 at March 31, 2010 and December 31, 2009, respectively)	39,467,209	45,735,905
Control investments (cost of $20,060,678 and $18,767,587 at March 31, 2010 and December 31, 2009, respectively)	21,015,301	17,300,171
Total investments at fair value	210,476,758	201,317,970
Cash and cash equivalents	43,272,690	55,200,421
Interest and fees receivable	1,240,315	676,961
Prepaid expenses and other current assets	349,163	286,790
Deferred financing fees	3,444,061	3,540,492
Property and equipment, net	23,188	28,666
Total assets	$258,806,175	$261,051,300
Liabilities		
Accounts payable and accrued liabilities	$ 1,030,064	$ 2,222,177
Interest payable	595,868	2,333,952
Dividends payable	4,893,183	4,774,534
Taxes payable	31,933	59,178
Deferred revenue	37,500	75,000
Deferred income taxes	614,267	577,267
SBA guaranteed debentures payable	121,910,000	121,910,000
Total liabilities	129,112,815	131,952,108
Net Assets		
Common stock, $0.001 par value per share (150,000,000 shares authorized, 11,934,594 and 11,702,511 shares issued and outstanding as of March 31, 2010 and December 31, 2009, respectively)	11,935	11,703
Additional paid-in capital	138,107,049	136,769,259
Investment income in excess of (less than) distributions	(81,945)	1,070,452
Accumulated realized gains on investments	647,364	448,164
Net unrealized depreciation of investments	(8,991,043)	(9,200,386)
Total net assets	129,693,360	129,099,192
Total liabilities and net assets	$258,806,175	$261,051,300
Net asset value per share	$ 10.87	$ 11.03

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Operations

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Investment income:		
Loan interest, fee and dividend income:		
Non—Control / Non—Affiliate investments	$ 4,801,642	$ 4,191,620
Affiliate investments	1,030,596	931,836
Control investments	353,145	237,957
Total loan interest, fee and dividend income	6,185,383	5,361,413
Payment—in—kind interest income:		
Non—Control / Non—Affiliate investments	827,601	819,942
Affiliate investments	262,677	174,261
Control investments	125,948	81,123
Total payment—in—kind interest income	1,216,226	1,075,326
Interest income from cash and cash equivalent investments	83,298	67,761
Total investment income	7,484,907	6,504,500
Expenses:		
Interest expense	1,739,980	1,656,991
Amortization of deferred financing fees	96,431	90,661
General and administrative expenses	1,854,812	1,719,266
Total expenses	3,691,223	3,466,918
Net investment income	3,793,684	3,037,582
Realized gain on investments — Non-Control/Non-Affiliate	199,200	—
Net unrealized appreciation (depreciation) of investments	209,343	(3,605,144)
Total net gain (loss) on investments before income taxes	408,543	(3,605,144)
Provision for taxes	52,898	15,795
Net increase (decrease) in net assets resulting from operations	$ 4,149,329	$ (583,357)
Net investment income per share — basic and diluted	$ 0.32	$ 0.43
Net increase (decrease) in net assets resulting from operations per share — basic and diluted	$ 0.35	$ (0.08)
Dividends declared per common share	$ 0.41	$ 0.40
Distributions of capital gains declared per common share	$ —	$ 0.05
Weighted average number of shares outstanding — basic and diluted	11,877,688	6,997,411

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Changes in Net Assets

	Common Stock		Additional	Investment Income	Accumulated Realized	Net Unrealized Appreciation	Total
	Number of Shares	Par Value	Paid In Capital	in Excess of Distributions	Gains on Investments	(Depreciation) of Investments	Net Assets
Balance, January 1, 2009	6,917,363	$ 6,917	$87,836,786	$ 2,115,157	$ 356,495	$ 1,109,808	$91,425,163
Net investment income	—	—	—	3,037,582	—	—	3,037,582
Stock-based compensation	—	—	136,200	—	—	—	136,200
Net unrealized losses on investments	—	—	—	—	—	(3,605,144)	(3,605,144)
Provision for taxes	—	—	—	(15,795)	—	—	(15,795)
Dividends/distributions declared	—	—	—	(2,816,900)	(352,366)	—	(3,169,266)
Issuance of restricted stock	133,000	133	(133)	—	—	—	—
Forfeiture of restricted stock	(2,700)	(3)	3	—	—	—	—
Balance, March 31, 2009	7,047,663	$ 7,047	$87,972,856	$ 2,320,044	$ 4,129	$ (2,495,336)	$87,808,740

	Common Stock		Additional	Investment Income in	Accumulated Realized	Net Unrealized	Total
	Number of Shares	Par Value	Paid In Capital	Excess of (less than) Distributions	Gains on Investments	Depreciation of Investments	Net Assets
Balance, January 1, 2010	11,702,511	$11,703	$136,769,259	$ 1,070,452	$ 448,164	$ (9,200,386)	$129,099,192
Net investment income	—	—	—	3,793,684	—	—	3,793,684
Stock-based compensation	—	—	248,556	—	—	—	248,556
Net realized gain on investments	—	—	—	—	199,200	(179,200)	20,000
Net unrealized gains on investments	—	—	—	—	—	388,543	388,543
Provision for taxes	—	—	—	(52,898)	—	—	(52,898)
Dividends/distributions declared	100,046	100	1,215,461	(4,893,183)	—	—	(3,677,622)
Expenses related to public offerings of common stock	—	—	(2,255)	—	—	—	(2,255)
Issuance of restricted stock	142,499	142	(142)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(10,462)	(10)	(123,830)	—	—	—	(123,840)
Balance, March 31, 2010	11,934,594	$11,935	$138,107,049	$ (81,945)	$ 647,364	$ (8,991,043)	$129,693,360

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Statements of Cash Flows

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Cash flows from operating activities:		
Net increase (decrease) in net assets resulting from operations	$ 4,149,329	$ (583,357)
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash used in operating activities:		
Purchases of portfolio investments	(14,143,949)	(9,193,735)
Repayments received/sales of portfolio investments	6,520,580	2,246,284
Loan origination and other fees received	301,875	175,000
Net realized gain on investments	(199,200)	—
Net unrealized depreciation (appreciation) of investments	(246,344)	3,604,584
Deferred income taxes	37,000	560
Payment—in—kind interest accrued, net of payments received	(1,059,516)	(648,221)
Amortization of deferred financing fees	96,431	90,661
Recognition of loan origination and other fees	(215,033)	(184,906)
Accretion of loan discounts	(117,201)	(104,626)
Depreciation expense	5,478	5,571
Stock-based compensation	248,556	136,200
Changes in operating assets and liabilities:		
Interest and fees receivable	(563,354)	211,203
Prepaid expenses	(62,373)	(199,720)
Accounts payable and accrued liabilities	(1,192,113)	(799,537)
Interest payable	(1,738,084)	(1,369,428)
Deferred revenue	(37,500)	—
Taxes payable	(27,245)	(30,436)
Net cash used in operating activities	(8,242,663)	(6,643,903)
Cash flows from financing activities:		
Cash dividends paid	(3,558,973)	(2,764,780)
Cash distributions paid	—	(352,366)
Expenses related to public offerings	(2,255)	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(123,840)	—
Net cash used in financing activities	(3,685,068)	(3,117,146)
Net decrease in cash and cash equivalents	(11,927,731)	(9,761,049)
Cash and cash equivalents, beginning of period	55,200,421	27,193,287
Cash and cash equivalents, end of period	$ 43,272,690	$ 17,432,238
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,478,064	$ 3,026,419

See accompanying notes.

TRIANGLE CAPITAL CORPORATION
Unaudited Consolidated Schedule of Investments
March 31, 2010

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Non—Control / Non—Affiliate Investments:					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (5%)*	Specialty Trade Contractors	Subordinated Note-AA (12% Cash, 2% PIK, Due 03/11)	$ 3,236,386	$ 3,185,018	$ 3,185,018
		Subordinated Note-AA (14% Cash, 4% PIK, Due 03/11)	1,982,791	1,968,934	1,968,934
		Common Stock-PHM (128,571 shares)		128,571	105,100
		Common Stock Warrants-AA (455 shares)		142,361	643,400
			5,219,177	5,424,884	5,902,452
American De-Rosa Lamparts, LLC and Hallmark Lighting (3%)*	Wholesale and Distribution	Subordinated Note (11.5% Cash, 3.75% PIK, Due 10/13)	9,203,983	8,251,190	3,985,700
			9,203,983	8,251,190	3,985,700
American Direct Marketing Resources, LLC (3%)*	Direct Marketing Services	Subordinated Note (12% Cash, 3% PIK, Due 03/15)	4,188,639	4,122,062	4,122,062
			4,188,639	4,122,062	4,122,062
Assurance Operations Corporation (2%)*	Auto Components / Metal Fabrication	Senior Note (6% Cash, 8% PIK, Due 06/11)	2,533,680	2,083,680	2,083,680
		Common Stock (300 shares)		300,000	166,100
			2,533,680	2,383,680	2,249,780
Botanical Laboratories, Inc. (8%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, Due 02/15)	10,500,000	9,762,900	9,762,900
		Common Unit Warrants (998,680 Units)		474,600	474,600
			10,500,000	10,237,500	10,237,500
CRS Reprocessing, LLC (4%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/14)	5,270,385	5,148,155	5,148,155
		Common Unit Warrant (150 Units)		33,187	33,187
			5,270,385	5,181,342	5,181,342
CV Holdings, LLC (9%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13)	11,334,261	10,548,870	10,548,870
		Royalty rights		874,400	949,300
			11,334,261	11,423,270	11,498,170
Electronic Systems Protection, Inc. (3%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15)	3,136,518	3,113,089	2,888,901
		Senior Note (8.3% Cash, Due 01/14)	888,728	888,728	888,728
		Common Stock (500 shares)		285,000	96,600
			4,025,246	4,286,817	3,874,229
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833	600,000
				4,833	600,000

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Fire Sprinkler Systems, Inc. (1%)*	Specialty Trade Contractors	Subordinated Notes (11%-12.5% PIK, Due 04/11)	$ 2,765,917	$ 2,373,242	$ 750,000
		Common Stock (370 shares)		369,624	—
			2,765,917	2,742,866	750,000
Frozen Specialties, Inc. (6%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	7,759,048	7,625,910	7,625,910
			7,759,048	7,625,910	7,625,910
Garden Fresh Restaurant Corp. (3%)*	Restaurant	2nd Lien Note (7.8% Cash, Due 12/11)	3,000,000	3,000,000	3,000,000
		Membership Units (5,000 units)		500,000	778,800
			3,000,000	3,500,000	3,778,800
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (0.69% PIK, Due 08/11)	3,696,132	3,133,591	1,817,000
		Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11)	124,073	120,000	120,000
		Common Stock Warrants (56,559 shares)		83,414	—
			3,820,205	3,337,005	1,937,000
Grindmaster-Cecilware Corp. (4%)*	Food Services Equipment Manufacturer	Subordinated Note (11% Cash, 3% PIK, Due 03/15)	5,844,297	5,737,151	5,737,151
			5,844,297	5,737,151	5,737,151
Inland Pipe Rehabilitation Holding Company LLC (11%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	8,108,641	7,329,114	7,329,114
		Subordinated Note (18% Cash, Due 01/14)	3,750,000	3,693,060	3,693,060
		Membership Interest Purchase Warrant (2.9%)		853,500	3,742,900
			11,858,641	11,875,674	14,765,074
Jenkins Service, LLC (7%)*	Restoration Services	Subordinated Note (10.25% Cash, 7.25% PIK, Due 04/14)	7,651,434	7,534,406	7,534,406
		Convertible Note (10%, Due 04/14)	1,375,000	1,344,342	1,344,342
			9,026,434	8,878,748	8,878,748
Library Systems & Services, LLC (1%)*	Municipal Business Services	Subordinated Note (12% Cash, Due 03/11)	1,000,000	979,277	979,277
		Common Stock Warrants (112 shares)		58,995	839,600
			1,000,000	1,038,272	1,818,877
Novolyte Technologies, Inc. (6%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	7,467,576	7,340,921	7,340,921
		Preferred Units (641 units)		640,818	592,500
		Common Units (24,522 units)		160,204	—
			7,467,576	8,141,943	7,933,421

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Syrgis Holdings, Inc. (3%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	$ 3,230,583	$ 3,209,611	$ 3,209,611
		Common Units (2,114 units)		1,000,000	665,300
			3,230,583	4,209,611	3,874,911
TBG Anesthesia Management, LLC (6%)*	Physician Management Services	Senior Note (14% Cash, Due 11/14)	8,000,000	7,595,281	7,595,281
		Warrant (263 shares)		276,100	281,400
			8,000,000	7,871,381	7,876,681
TrustHouse Services Group, Inc. (4%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	4,373,386	4,306,785	4,306,785
		Class A Units (1,495 units)		475,000	386,100
		Class B Units (79 units)		25,000	—
			4,373,386	4,806,785	4,692,885
Tulsa Inspection Resources, Inc. (“TIR”) and Regent TIR Partners, LLC (“RTIR”) (4%)*	Pipeline Inspection Services	Subordinated Note (14% Cash, Due 03/14)	5,000,000	4,641,748	4,641,748
		Common Units — RTIR (11 units)		200,000	—
		Common Stock Warrants — TIR (7 shares)		321,000	—
			5,000,000	5,162,748	4,641,748
Twin-Star International, Inc. (4%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	4,500,000	4,452,967	4,420,000
		Senior Note (4.25%, Due 04/13)	1,246,851	1,246,851	1,192,700
			5,746,851	5,699,818	5,612,700
Wholesale Floors, Inc. (3%)*	Commercial Services	Subordinated Note (12.5%Cash, 1.5% PIK, Due 06/14)	3,500,000	3,369,106	3,369,106
		Membership Interest Purchase Warrant (4.0%)		132,800	34,500
			3,500,000	3,501,906	3,403,606
Yellowstone Landscape Group, Inc. (9%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	11,379,409	11,175,441	11,175,441
			11,379,409	11,175,441	11,175,441
Zoom Systems (6%)*	Retail Kiosk Operator	Subordinated Note (12.5 Cash, 1.5% PIK, Due 12/14)	8,032,711	7,840,060	7,840,060
			8,032,711	7,840,060	7,840,060
Subtotal Non—Control / Non—Affiliate Investments			154,080,429	154,460,897	149,994,248

Table of Contents

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Affiliate Investments:					
Asset Point, LLC (4%)*	Asset Management Software Provider	Senior Note (12% Cash, 7% PIK, Due 03/13)	$ 5,485,835	$ 5,418,928	$ 5,418,928
		Membership Units (10 units)		500,000	—
			5,485,835	5,918,928	5,418,928
Axxiom Manufacturing, Inc. (1%)*	Industrial Equipment Manufacturer	Common Stock (34,100 shares)		200,000	635,800
		Common Stock Warrant (1,000 shares)		—	18,600
				200,000	654,400
Brantley Transportation, LLC (“Brantley Transportation”) and Pine Street Holdings, LLC (“Pine Street”) (4) (2%)*	Oil and Gas Services	Subordinated Note — Brantley Transportation (14% Cash, Due 12/12)	3,800,000	3,719,360	1,958,000
		Common Unit Warrants — Brantley Transportation (4,560 common units)		33,600	—
		Preferred Units — Pine Street (200 units)		200,000	—
		Common Unit Warrants — Pine Street (2,220 units)		—	—
			3,800,000	3,952,960	1,958,000
Dyson Corporation (6%)*	Custom Forging and Fastener Supplies	Subordinated Note (12% Cash, 3% PIK, Due 12/13)	6,000,000	5,904,530	5,904,530
		Class A Units (1,000,000 units)		1,000,000	2,394,200
			6,000,000	6,904,530	8,298,730
Equisales, LLC (6%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12)	6,613,204	6,551,866	6,551,866
		Class A Units (500,000 units)		500,000	1,440,500
			6,613,204	7,051,866	7,992,366
Flint Acquisition Corporation (3%)*	Specialty Chemical Manufacturer	Preferred Stock (9,875 shares)		308,333	3,350,600
				308,333	3,350,600
Genapure Corporation (0%)*	Lab Testing Services	Genapure Common Stock (5,594 shares)		563,602	641,400
				563,602	641,400
Technology Crops International (4%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15)	5,134,137	5,040,785	5,040,785
		Common Units (50 Units)		500,000	500,000
			5,134,137	5,540,785	5,540,785

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Waste Recyclers Holdings, LLC (4%)*	Environmental and Facilities Services	Subordinated Note (8% Cash, 7.5% PIK, Due 08/13)	$ 4,276,511	$ 4,053,730	$ 4,053,730
		Subordinated Note (3% Cash, 12.5% PIK, Due 08/13)	5,956,523	5,671,070	1,558,270
		Class A Preferred Units (300 Units)		2,251,100	—
		Class B Preferred Units (985,372 Units)		985,372	—
		Common Unit Purchase Warrant (1,170,083 Units)		748,900	—
		Common Units (153,219 Units)		180,783	—
			10,233,034	13,890,955	5,612,000
Subtotal Affiliate Investments			37,266,210	44,331,959	39,467,209
Control Investments:					
FCL Graphics, Inc. (3%)*	Commercial Printing Services	Senior Note (3.76% Cash, 2% PIK, Due 9/11)	1,561,337	1,557,366	1,476,300
		Senior Note (7.76% Cash, 2% PIK, Due 9/11)	2,014,241	2,009,067	1,905,800
		2nd Lien Note (2.76% Cash, 8% PIK, Due 12/11)	3,265,134	2,994,804	1,065,000
		Preferred Shares (35,000 shares)		—	—
		Common Shares (4,000 shares)		—	—
		Members Interests (3,839 Units)		—	—
			6,840,712	6,561,237	4,447,100
Fischbein, LLC (12%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 5.5% PIK, Due 05/13)	7,700,590	7,601,845	7,601,845
		Class A-1 Common Units (52.5% of Units)		558,140	1,290,000
		Class A Common Units (4,200,000 units)		4,200,000	6,536,900
			7,700,590	12,359,985	15,428,745
Weave Textiles, LLC (1%)*	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11)	284,456	284,456	284,456
		Membership Units (425 units)		855,000	855,000
			284,456	1,139,456	1,139,456
Subtotal Control Investments			14,825,758	20,060,678	21,015,301
Total Investments, March 31, 2010(162%)*			$ 206,172,397	$ 218,853,534	$ 210,476,758

* 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.

TRIANGLE CAPITAL CORPORATION
Consolidated Schedule of Investments
December 31, 2009

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Non—Control / Non—Affiliate Investments:					
Ambient Air Corporation (“AA”) and Peaden-Hobbs Mechanical, LLC (“PHM”) (5%)*	Specialty Trade Contractors	Subordinated Note-AA (12% Cash, 2% PIK, Due 03/11)	$ 3,236,386	$ 3,173,098	$ 3,173,098
		Subordinated Note-AA (14% Cash, 4% PIK, Due 03/11)	1,982,791	1,965,757	1,965,757
		Common Stock-PHM (128,571 shares)		128,571	106,900
		Common Stock Warrants-AA (455 shares)		142,361	656,700
			5,219,177	5,409,787	5,902,455
American De-Rosa Lamparts, LLC and Hallmark Lighting (3%)*	Wholesale and Distribution	Subordinated Note (11.5% Cash, 3.75% PIK, Due 10/13)	8,861,819	8,244,709	3,893,299
			8,861,819	8,244,709	3,893,299
American Direct Marketing Resources, LLC (3%)*	Direct Marketing Services	Subordinated Note (12% Cash, 3% PIK, Due 03/15)	4,157,458	4,088,475	4,088,475
			4,157,458	4,088,475	4,088,475
Art Headquarters, LLC (2%)*	Retail, Wholesale and Distribution	Subordinated Note (12% Cash, 2% PIK, Due 01/10)	2,116,822	2,116,822	2,116,822
		Membership unit warrants (15% of units (150 units))		40,800	220,000
			2,116,822	2,157,622	2,336,822
Assurance Operations Corporation (2%)*	Auto Components / Metal Fabrication	Senior Note (6% Cash, Due 06/11)	2,484,000	2,034,000	2,034,000
		Common Stock (300 shares)		300,000	—
			2,484,000	2,334,000	2,034,000
CRS Reprocessing, LLC (2%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/14)	3,005,333	2,929,233	2,929,233
		Common Unit Warrant (107 Units)		23,600	23,600
			3,005,333	2,952,833	2,952,833
CV Holdings, LLC (9%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13)	11,221,670	10,391,652	10,391,652
		Royalty rights		874,400	949,300
			11,221,670	11,266,052	11,340,952
Electronic Systems Protection, Inc. (3%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15)	3,120,913	3,096,783	2,869,000
		Senior Note (8.3% Cash, Due 01/14)	895,953	895,953	895,953
		Common Stock (500 shares)		285,000	31,300
			4,016,866	4,277,736	3,796,253
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833	572,300
				4,833	572,300

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Fire Sprinkler Systems, Inc. (1%)*	Specialty Trade Contractors	Subordinated Notes (11%-12.5% PIK, Due 04/11)	$ 2,765,917	$ 2,369,744	$ 750,000
		Common Stock (295 shares)		294,624	—
			2,765,917	2,664,368	750,000
Frozen Specialties, Inc. (6%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	7,662,863	7,523,924	7,523,924
			7,662,863	7,523,924	7,523,924
Garden Fresh Restaurant Corp. (3%)*	Restaurant	2nd Lien Note (7.8% Cash, Due 12/11)	3,000,000	3,000,000	3,000,000
		Membership Units (5,000 units)		500,000	811,300
			3,000,000	3,500,000	3,811,300
Gerli & Company (1%)*	Specialty Woven Fabrics	Subordinated Note (0.69% PIK, Due 08/11)	3,630,774	3,124,893	1,442,000
	Manufacturer	Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11)	122,389	120,000	120,000
		Common Stock Warrants (56,559 shares)		83,414	—
			3,753,163	3,328,307	1,562,000
Grindmaster-Cecilware Corp. (4%)*	Food Services Equipment Manufacturer	Subordinated Note (11% Cash, 3% PIK, Due 03/15)	5,800,791	5,689,665	5,689,665
			5,800,791	5,689,665	5,689,665
Inland Pipe Rehabilitation Holding Company LLC (11%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	8,108,641	7,279,341	7,279,341
		Subordinated Note (18% Cash, Due 01/14)	3,750,000	3,699,679	3,699,679
		Membership Interest Purchase Warrant (2.9%)		853,500	3,742,900
			11,858,641	11,832,520	14,721,920
Jenkins Service, LLC (7%)*	Restoration Services	Subordinated Note (10.25% Cash, 7.25% PIK, Due 04/14)	7,515,221	7,392,334	7,392,334
		Convertible Note (10%, Due 04/14)	1,375,000	1,342,799	1,342,799
			8,890,221	8,735,133	8,735,133
Library Systems & Services, LLC (2%)*	Municipal Business Services	Subordinated Note (12% Cash, Due 03/11)	1,000,000	972,768	972,768
		Common Stock Warrants (112 shares)		58,995	1,242,800
			1,000,000	1,031,763	2,215,568
Novolyte Technologies, Inc. (6%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	7,366,289	7,230,970	7,230,970
		Preferred Units (600 units)		600,000	545,900
		Common Units (22,960 units)		150,000	—
			7,366,289	7,980,970	7,776,870

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Syrgis Holdings, Inc. (3%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	$ 3,337,740	$ 3,314,933	$ 3,314,933
		Common Units (2,114 units)		1,000,000	447,800
			3,337,740	4,314,933	3,762,733
TBG Anesthesia Management, LLC (6%)*	Physician Management Services	Senior Note (14% Cash, Due11/14)	8,000,000	7,579,320	7,579,320
		Warrant (263 shares)		276,100	276,100
			8,000,000	7,855,420	7,855,420
TrustHouse Services Group, Inc. (4%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	4,351,628	4,282,621	4,282,621
		Class A Units (1,495 units)		475,000	409,700
		Class B Units (79 units)		25,000	—
			4,351,628	4,782,621	4,692,321
Tulsa Inspection Resources, Inc. ("TIR") and Regent TIR Partners, LLC ("RTIR") (4%)*	Pipeline Inspection Services	Subordinated Note (14% Cash, Due 03/14)	5,000,000	4,625,242	4,625,242
		Common Units — RTIR (11 units)		200,000	8,000
		Common Stock Warrants — TIR (7 shares)		321,000	34,700
			5,000,000	5,146,242	4,667,942
Twin-Star International, Inc. (4%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	4,500,000	4,450,037	4,168,000
		Senior Note (4.29%, Due 04/13)	1,287,564	1,287,564	1,145,000
			5,787,564	5,737,601	5,313,000
Wholesale Floors, Inc. (3%)*	Commercial Services	Subordinated Note (12.5%Cash, 1.5% PIK, Due 06/14)	3,500,000	3,363,335	3,363,335
		Membership Interest Purchase Warrant (4.0%)		132,800	39,800
			3,500,000	3,496,135	3,403,135
Yellowstone Landscape Group, Inc. (9%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	11,294,699	11,080,907	11,080,907
			11,294,699	11,080,907	11,080,907
Zoom Systems (6%)*	Retail Kiosk Operator	Subordinated Note (12.5 Cash, 1.5% PIK, Due 12/14)	8,002,667	7,802,667	7,802,667
			8,002,667	7,802,667	7,802,667
Subtotal Non—Control / Non—Affiliate Investments			142,455,328	143,239,223	138,281,894

Table of Contents

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Affiliate Investments:					
Asset Point, LLC (4%)*	Asset Management Software Provider	Subordinated Note (12% Cash, 7% PIK, Due 03/13)	$ 5,417,830	$ 5,346,346	$ 5,346,346
		Membership Units (10 units)		500,000	173,600
			5,417,830	5,846,346	5,519,946
Axxiom Manufacturing, Inc. (0%)*	Industrial Equipment Manufacturer	Common Stock (34,100 shares)		200,000	542,400
		Common Stock Warrant (1,000 shares)		—	14,000
				200,000	556,400
Brantley Transportation, LLC (“Brantley Transportation”) and Pine Street Holdings, LLC (“Pine Street”) (4) (1%)*	Oil and Gas Services	Subordinated Note — Brantley Transportation (14% Cash, Due 12/12)	3,800,000	3,713,247	1,400,000
		Common Unit Warrants — Brantley Transportation (4,560 common units)		33,600	—
		Preferred Units — Pine Street (200 units)		200,000	—
		Common Unit Warrants — Pine Street (2,220 units)		—	—
			3,800,000	3,946,847	1,400,000
Dyson Corporation (10%)*	Custom Forging and Fastener Supplies	Subordinated Note (12% Cash, 3% PIK, Due 12/13)	10,000,000	9,833,080	9,833,080
		Class A Units (1,000,000 units)		1,000,000	2,634,700
			10,000,000	10,833,080	12,467,780
Equisales, LLC (6%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12)	6,547,511	6,479,476	6,479,476
		Class A Units (500,000 units)		500,000	1,375,700
			6,547,511	6,979,476	7,855,176
Flint Acquisition Corporation (2%)*	Specialty Chemical Manufacturer	Preferred Stock (9,875 shares)		308,333	2,571,600
				308,333	2,571,600
Genapure Corporation (0%)*	Lab Testing Services	Genapure Common Stock (5,594 shares)		563,602	641,300
				563,602	641,300
Technology Crops International (4%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15)	5,070,492	4,973,767	4,973,767
		Common Units (50 Units)		500,000	500,000
			5,070,492	5,473,767	5,473,767

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)
Waste Recyclers Holdings, LLC (7%)*	Environmental and Facilities Services	Subordinated Note (8% Cash, 7.5% PIK, Due 08/13)	$ 4,116,978	$ 4,048,936	$ 4,048,936
		Subordinated Note (3% Cash, 12.5% PIK, Due 08/13)	5,734,318	5,666,275	4,920,000
		Class A Preferred Units (300 Units)		2,251,100	—
		Class B Preferred Units (886,835 Units)		886,835	281,000
		Common Unit Purchase Warrant (1,170,083 Units)		748,900	—
		Common Units (153,219 Units)		180,783	—
			9,851,296	13,782,829	9,249,936
Subtotal Affiliate Investments			40,687,129	47,934,280	45,735,905
Control Investments:					
FCL Graphics, Inc. (3%)*	Commercial Printing Services	Senior Note (3.76% Cash, 2% PIK, Due 9/11)	1,562,891	1,558,472	1,514,200
		Senior Note (7.76% Cash, 2% PIK, Due 9/11)	2,005,114	1,999,592	1,943,800
		2nd Lien Note (2.76% Cash, 8% PIK, Due 12/11)	3,200,672	2,994,352	823,000
		Preferred Shares (35,000 shares)		—	—
		Common Shares (4,000 shares)		—	—
		Members Interests (3,839 Units)		—	—
			6,768,677	6,552,416	4,281,000
Fischbein, LLC (10%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (12% Cash, 6.5% PIK, Due 05/13)	7,595,671	7,490,171	7,490,171
		Class A-1 Common Units (52.5% of Units)		525,000	1,122,300
		Class A Common Units (4,200,000 units)		4,200,000	4,406,700
			7,595,671	12,215,171	13,019,171
Subtotal Control Investments			14,364,348	18,767,587	17,300,171
Total Investments, December 31, 2009(156%)*			$ 197,506,805	$ 209,941,090	$ 201,317,970

* 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 subsidiary, Triangle Mezzanine Fund LLLP (the "Fund") (collectively, the "Company") operate as a Business Development Company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). The Fund is a specialty finance limited liability limited partnership formed to make investments primarily in middle market companies located throughout the United States. The Fund's term is ten years from the date of formation (August 14, 2002) unless terminated earlier or extended in accordance with provisions of the limited partnership agreement. On September 11, 2003, the Fund was licensed to operate as a Small Business Investment Company ("SBIC") under the authority of the United States Small Business Administration ("SBA"). As an SBIC, the Fund is subject to a variety of regulations concerning, among other things, the size and nature of the companies in which it 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 the Fund. The Fund does not consolidate 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 accruals considered necessary for the fair presentation of financial statements for the interim period, have been included. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. Therefore, 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, 2009. 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 January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820)*. This update improves disclosure requirements related to Fair Value Measurements and Disclosures-Overall Subtopic (Subtopic 820-10) of the FASB Standards Codification, originally issued as FASB Statement No. 157, *Fair Value Measurements*. These improved disclosure requirements will provide a greater level of disaggregated information and more robust disclosures about valuation techniques and inputs to fair value measurements. The Company adopted these changes beginning with its financial statements for the quarter ended March 31, 2010. The adoption of these changes did not have a material impact on the Company's financial position or results of operations.

2. INVESTMENTS

Summaries of the composition of the Company's investment portfolio at cost and fair value as a percentage of total investments are shown in the following tables:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
March 31, 2010:				
Subordinated debt, Unitranche and 2nd lien notes	$186,649,538	85%	$171,383,096	82%
Senior debt	11,279,759	5	11,041,275	5
Equity shares	16,891,380	8	21,034,900	10
Equity warrants	3,158,457	2	6,068,187	3
Royalty rights	874,400	—	949,300	—
	$218,853,534	100%	$210,476,758	100%
December 31, 2009:				
Subordinated debt, Unitranche and 2nd lien notes	$179,482,425	86%	$166,087,684	83%
Senior debt	11,090,514	5	10,847,886	5
Equity shares	15,778,681	8	17,182,500	9
Equity warrants	2,715,070	1	6,250,600	3
Royalty rights	874,400	—	949,300	—
	$209,941,090	100%	$201,317,970	100%

During the three months ended March 31, 2010, the Company made two new investments totaling approximately $11.6 million and five investments in existing portfolio companies totaling approximately $2.5 million. During the three months ended March 31, 2009, the Company made one new investment totaling $5.2 million and five investments in existing portfolio companies totaling approximately $4.0 million.

Valuation of Investments

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 FASB ASC Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820"). Under ASC Topic 820, a financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy established by ASC TOPIC 820 are defined as follows:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — inputs to the valuation methodology 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 to the valuation methodology 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 falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its investments at fair value, as determined in good faith by the Board of Directors (Level 3 inputs, as further described below). Due to the inherent uncertainty in the valuation process, the Board of Directors' estimate of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. 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.

Debt and equity securities that are not publicly traded and for which a limited market does not exist are valued at fair value as determined in good faith by the Board of Directors. There is no single standard for determining fair value in good faith, as fair value depends upon circumstances of each individual case. In general, fair value is the amount that the Company might reasonably expect to receive upon the current sale of the security.

Management evaluates the investments in portfolio companies using the most recent portfolio company financial statements and forecasts. Management also consults with the portfolio company's senior management to obtain further updates on the portfolio company's performance, including information such as industry trends, new product development and other operational issues.

In making the good faith determination of the value of debt securities, the Company starts with the cost basis of the security, which includes the amortized original issue discount, and payment—in—kind (PIK) interest, if any. The Company also 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. The risk rating system covers both qualitative and quantitative aspects of the business and the securities held. In valuing debt securities, management utilizes an "income approach" model that considers factors including, but not limited to, (i) the portfolio investment's current risk rating, (ii) the portfolio company's current trailing twelve months' ("TTM") results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's anticipated results for the next twelve months of operations, (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, and (iv) current pricing and credit metrics for similar proposed and executed investment transactions. In valuing equity securities of private companies, the Company considers valuation methodologies consistent with industry practice, including but not limited to (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) valuation of the securities based on recent sales in comparable transactions, and (iii) a review of similar companies that are publicly traded and the market multiple of their equity securities.

The following table presents the Company's financial instruments carried at fair value as of March 31, 2010 and December 31, 2009, on the consolidated balance sheet by ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value at March 31, 2010			
	Level 1	Level 2	Level 3	Total
Portfolio company investments	$ —	$ —	$210,476,758	$210,476,758
	$ —	$ —	$210,476,758	$210,476,758

	Fair Value at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Portfolio company investments	$ —	$ —	$201,317,970	$201,317,970
	$ —	$ —	$201,317,970	$201,317,970

The following table reconciles the beginning and ending balances of our portfolio company investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Fair value of portfolio, Beginning of Period	$201,317,970	$182,105,291
New investments	14,143,949	9,193,735
Loan origination fees received	(301,875)	(175,000)
Proceeds from sale of investment	(240,000)	—
Gain on sale of investment	199,200	—
Principal repayments received	(6,280,580)	(2,246,284)
Payment—in—kind interest earned	1,216,226	1,075,326
Payment—in—kind interest received	(156,710)	(427,105)
Accretion of loan discounts	117,201	104,626
Accretion of deferred loan origination revenue	215,033	184,906
Unrealized gains (losses) on investments	246,344	(3,604,584)
Fair value of portfolio, End of Period	$210,476,758	$186,210,911

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. Unrealized gains on investments of $425,544 during the three months ended March 31, 2010 are related to portfolio company investments that were still held by the Company as of March 31, 2010. Unrealized losses on investments of $3,604,584 during the three months ended March 31, 2009 are related to portfolio company investments that are still held by the Company as of March 31, 2009.

Duff & Phelps, LLC ("Duff & Phelps"), an independent valuation firm, 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"). We generally request 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 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 our investment in the portfolio company is determined to be insignificant relative to our total investment portfolio.

For the quarter ended March 31, 2010, the Company asked Duff & Phelps to perform the procedures on investments in seven portfolio companies comprising approximately 25% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of March 31, 2010. For the quarter ended March 31, 2009, the Company asked Duff & Phelps to perform the procedures on investments in seven portfolio companies comprising approximately 26% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of March 31, 2009. Upon completion of the procedures, Duff & Phelps concluded that the fair value, as determined by the Board of Directors, of those investments subjected to the procedures did not appear to be unreasonable. The Board of Directors of Triangle Capital Corporation is ultimately and solely responsible for determining the fair value of the Company's investments in good faith.

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

Investment Classification

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the 1940 Act, other than Control Investments. "Non—Control/Non—Affiliate Investments" are those that are neither Control Investments nor Affiliate Investments. Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25.0% of the voting securities of such company 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

Loan origination, facility, commitment, consent and other advance fees received in connection with loan agreements are recorded as deferred income and recognized as income over the term of the loan. Loan prepayment penalties and loan amendment fees are recorded into income when the respective prepayment or loan amendment occurs. Any previously deferred fees are immediately recorded into income upon prepayment of the related loan.

Payment-in-Kind Interest

The Company holds 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 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"), this non-cash source of income must be paid out 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 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 accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

Concentration of Credit Risk

The Company's investees are generally lower middle—market companies in a variety of industries. At both March 31, 2010, and December 31, 2009, there were no individual investments greater than 10% 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 investees.

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

3. INCOME TAXES

The Company has elected to be treated as a RIC under Subchapter M of the Code. As a RIC, so long as the Company meets certain minimum distribution, source-of-income and asset diversification requirements, it generally is 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.

In addition, the Company has certain wholly owned taxable subsidiaries (the "Taxable Subsidiaries"), each of which holds one or more of its portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiaries are consolidated for financial reporting purposes, such that the Company's consolidated financial statements reflect the Company's investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold certain portfolio companies that are organized as limited liability companies ("LLCs") (or other forms of pass—through entities) and still satisfy the RIC tax requirement that at least 90% of the RIC's gross revenue for income tax purposes must consist of 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, 2010 was approximately $220.6 million.

4. LONG—TERM DEBT

At both March 31, 2010 and December 31, 2009, the Company has the following debentures outstanding guaranteed by the SBA:

Issuance/Pooling Date	Maturity Date	Prioritized Return (Interest) Rate	
September 22, 2004	September 1, 2014	5.539%	$ 8,700,000
March 23, 2005	March 1, 2015	5.893%	13,600,000
September 28, 2005	September 1, 2015	5.796%	9,500,000
March 28, 2007	March 1, 2017	6.231%	4,000,000
March 26, 2008	March 1, 2018	6.191%	6,410,000
September 24, 2008	September 1, 2018	6.580%	4,840,000
September 24, 2008	September 1, 2018	6.442%	46,060,000
March 25, 2009	March 1, 2019	5.337%	22,000,000
March 24, 2010	March 1, 2020	4.825%	6,800,000
			$ 121,910,000

Interest payments are payable semi—annually. There are no principal payments required on these issues prior to maturity. Debentures issued prior to September 2006 were subject to prepayment penalties during their first five years. Those pre-payment penalties no longer apply to debentures issued after September 1, 2006.

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 three times the amount of its regulatory capital. As of March 31, 2010, the maximum statutory limit on the dollar amount of outstanding SBA guaranteed debentures issued by a single SBIC is $150.0 million. With $65.3 million of regulatory capital as of March 31, 2010, the Fund has the current capacity to issue up to the statutory maximum of $150.0 million of SBA guaranteed debentures. In addition, the Company has applied for a second SBIC license which application is currently being reviewed by the SBA. If approved, this license would provide the Company with the capability to issue an additional $75.0 million of SBA guaranteed debentures. 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 debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rates for all SBA guaranteed debentures as of March 31, 2010, and December 31, 2009 were 5.963% and 5.772%, respectively. The weighted average interest rate as of December 31, 2009, included $115.1 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 6.03% and $6.8 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.41%. As of March 31, 2010, all SBA-guaranteed debentures have been pooled and assigned fixed rates.

5. EQUITY-BASED COMPENSATION

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, 2010 and 2009:

	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009	
	Number of Shares	Weighted-Average Grant-Date Fair Value per Share	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Unvested shares, beginning of period	219,813	$ 10.76	110,800	$ 11.11
Shares granted during the period	142,499	$ 11.84	133,000	$ 10.62
Shares vested during the period	(33,247)	$ 10.62	—	$ —
Unvested shares, end of period	329,065	$ 11.24	243,800	$ 10.84

In the three months ended March 31, 2010 and 2009, the Company recognized equity-based compensation expense of approximately $0.2 million and $0.1 million, respectively. This expense is included in general and administrative expenses in the Company's consolidated statements of operations.

As of March 31, 2010, there was approximately $3.2 million of total unrecognized compensation cost, related to the Company's non-vested restricted shares. This cost is expected to be recognized over a weighted-average period of approximately 2.9 years.

Table of Contents

6. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31, 2010	2009
Per share data:		
Net asset value at beginning of period	$ 11.03	$ 13.22
Net investment income(1)	0.32	0.43
Net realized gain on investments(1)	0.02	—
Net unrealized appreciation (depreciation) on investments(1)	0.02	(0.51)
Total increase (decrease) from investment operations(1)	0.36	(0.08)
Cash dividends/distributions declared	(0.41)	(0.45)
Shares issued pursuant to Dividend Reinvestment Plan	0.10	—
Stock-based compensation	0.02	0.02
Income tax provision(1)	(0.01)	—
Grant of restricted shares	(0.13)	(0.24)
Other(2)	(0.09)	(0.01)
Net asset value at end of period	$ 10.87	$ 12.46
Market value at end of period(3)	$ 14.04	$ 7.68
Shares outstanding at end of period	11,934,594	7,047,663
Net assets at end of period	$129,693,360	$87,808,740
Average net assets	$131,333,496	$91,158,655
Ratio of operating expenses to average net assets (annualized)	11%	15%
Ratio of net investment income to average net assets (annualized)	12%	13%
Portfolio turnover ratio	3%	1%
Total Return(4)	20%	(20%)

(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.

7. SUBSEQUENT EVENT

In April 2010, the Company invested $12.0 million in subordinated debt, convertible debt and warrants of Media Temple, Inc., a privately held, web hosting and virtualization service provider. Under the terms of the investments, Media Temple, Inc. will pay interest on the subordinated debt at a rate of 16% per annum and will pay interest on the convertible debt at a rate of 12% per annum.

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, 2009. 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.

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This Quarterly Report contains forward-looking statements which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Statements that are not historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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 in Item 1A entitled "Risk Factors" in Part I of our 2009 Annual Report on Form 10-K. 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 subsidiary, Triangle Mezzanine Fund LLLP, or the Fund, is licensed as a small business investment company, or SBIC, by the United States Small Business Administration, or SBA, and has also elected to be treated as a BDC under the 1940 Act. We and the Fund 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 define lower middle market companies as those with annual revenues between $10.0 and $100.0 million. 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 and $75.0 million and annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between $3.0 and $20.0 million.

We invest primarily in senior and subordinated debt securities secured by first and second lien security interests in portfolio company assets, coupled with equity interests. Our investments generally range from $5.0 to $15.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments.

We generate revenues in the form of interest income, primarily from our investments in debt securities, loan origination and other fees and dividend income. Fees generated in connection with our debt investments are recognized over the life of the loan using the effective interest method or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our debt investments generally have a term of between three and seven years and typically bear interest at fixed rates between 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 that is accrued and added to the loan balance and paid at the end of the term. In our negotiations with potential portfolio companies, we generally seek to minimize PIK interest. Cash interest on our debt investments is generally payable monthly; however, some of our debt investments pay cash interest on a quarterly basis. As of both March 31, 2010, and December 31, 2009, the weighted average yield on our outstanding debt investments other than non-accrual debt investments (including PIK interest) was approximately 14.7%. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 13.4% and 13.5% as of March 31, 2010 and December 31, 2009, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 11.8% and 12.5% as of March 31, 2010 and December 31, 2009, respectively.

The Fund is eligible to sell debentures guaranteed by the SBA in the capital markets at favorable interest rates and invest these funds in portfolio companies. We intend to continue to operate the Fund as an SBIC, subject to SBA approval, and to utilize the proceeds of the sale of the Fund's 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 $210.5 million as of March 31, 2010, as compared to $201.3 million as of December 31, 2009. As of March 31, 2010, we had investments in 38 portfolio companies with an aggregate cost of $218.9 million. As of December 31, 2009, we had investments in 37 portfolio companies with an aggregate cost of $209.9 million. As of both March 31, 2010, and December 31, 2009, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of March 31, 2010 and December 31, 2009, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
March 31, 2010:				
Subordinated debt, Unitranche and 2nd lien notes	$186,649,538	85%	$171,383,096	82%
Senior debt	11,279,759	5	11,041,275	5
Equity shares	16,891,380	8	21,034,900	10
Equity warrants	3,158,457	2	6,068,187	3
Royalty rights	874,400	—	949,300	—
	$218,853,534	100%	$210,476,758	100%
December 31, 2009:				
Subordinated debt, Unitranche and 2nd lien notes	$179,482,425	86%	$166,087,684	83%
Senior debt	11,090,514	5	10,847,886	5
Equity shares	15,778,681	8	17,182,500	9
Equity warrants	2,715,070	1	6,250,600	3
Royalty rights	874,400	—	949,300	—
	$209,941,090	100%	$201,317,970	100%

Investment Activity

During the three months ended March 31, 2010, we made two new investments totaling approximately $11.6 million, one additional debt investment in an existing portfolio company of $2.2 million and four additional equity investments in existing portfolio companies totaling approximately $0.3 million. We sold one equity investment in a portfolio company for approximately $0.2 million, resulting in a realized gain of $0.2 million. We had one portfolio company loan repaid at par in the amount of approximately $2.1 million and received normal principal repayments and partial loan prepayments totaling approximately $4.2 million in the three months ended March 31, 2010.

During the three months ended March 31, 2009, we made one new investment totaling $5.2 million and five additional investments in existing portfolio companies totaling approximately $4.0 million. We also received a full repayment from one portfolio company totaling approximately $2.0 million. In addition, we received normal principal repayments totaling approximately $0.3 million in the three months ended March 31, 2009.

Total portfolio investment activity for the three months ended March 31, 2010 and 2009 was as follows:

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Fair value of portfolio, beginning of period	$ 201,317,970	$ 182,105,291
New investments	14,143,949	9,193,735
Loan origination fees received	(301,875)	(175,000)
Proceeds from sale of investment	(240,000)	—
Gain on sale of investment	199,200	—
Principal repayments received	(6,280,580)	(2,246,284)
Payment-in-kind interest earned	1,216,226	1,075,326
Payment-in-kind interest received	(156,710)	(427,105)
Accretion of loan discounts	117,201	104,626
Accretion of deferred loan origination revenue	215,033	184,906
Unrealized gains (losses) on investments	246,344	(3,604,584)
Fair value of portfolio, end of period	$ 210,476,758	$ 186,210,911
Weighted average yield on debt investments at end of period(1)	14.7%	14.3%
Weighted average yield on total investments at end of period(1)	13.4%	13.1%
Weighted average yield on total investments at end of period	11.8%	12.8%

(1) Excludes non-accrual debt investments.

Non-Accrual Assets

As of March 31, 2010, the fair value of our non-accrual assets was approximately $13.3 million, which comprised 6.3% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately $26.6 million, which comprised 12.2% of the total cost of our portfolio. Our non-accrual assets as of March 31, 2010 are as follows:

Gerli and Company

In November 2008, we placed our debt investment in Gerli and Company ("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 investment in Gerli for financial reporting purposes. During 2008, we recognized an unrealized loss on our debt investment in Gerli of $1.2 million and in the year ended December 31, 2009, we recognized an additional unrealized loss on our debt investment in Gerli of $0.5 million. In the quarter ended March 31, 2010, we recognized an unrealized gain on our debt investment in Gerli of approximately $0.4 million. As of March 31, 2010, the cost of our debt investment in Gerli is $3.3 million and the fair value of such investment is $1.9 million.

Fire Sprinkler Systems, Inc.

In October 2008, we placed our debt investment in Fire Sprinkler Systems, Inc. ("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. During 2008, we recognized an unrealized loss of $1.4 million on our subordinated note investment in Fire Sprinkler Systems. In the year ended December 31, 2009, we recognized an additional unrealized loss on our debt investment in Fire Sprinkler Systems of $0.3 million. As of March 31, 2010, the cost of our debt investment in Fire Sprinkler Systems is $2.4 million and the fair value of such investment is $0.8 million.

American De-Rosa Lamparts, LLC and Hallmark Lighting

In 2008, we recognized an unrealized loss of $1.2 million on our subordinated note investment in American De-Rosa Lamparts, LLC and Hallmark Lighting, or collectively, ADL. This unrealized loss reduced the fair value of our investment in ADL to $6.9 million as of December 31, 2008. Through August 31, 2009, we continued to receive interest payments from ADL in accordance with the loan agreement. 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 recognize interest income on our investment in ADL for financial reporting purposes. In the year ended December 31, 2009, we recognized an additional unrealized loss on our investment in ADL of $3.2 million and in the first quarter of 2010, we recognized an unrealized gain on our investment in ADL of approximately $0.1 million. As of March 31, 2010, the cost of our investment in ADL was approximately $8.3 million and the fair value of such investment was approximately $4.0 million.

FCL Graphics, Inc. 2nd Lien Note

During the first eight months of 2009, we received cash interest on our 2nd lien note in FCL at the stated contractual rate (20% per annum as of September 30, 2009). In September 2009, FCL did not make the scheduled interest payments on its 2nd Lien notes. As a result, we placed our 2nd Lien note in FCL on non-accrual status and therefore, under U.S. GAAP, we no longer recognized interest income on our 2nd Lien note investment in FCL for financial reporting purposes. In November 2009, we amended the terms of our note with FCL. The terms of the amendment provide for cash interest at a rate of LIBOR plus 250 basis points per annum and PIK interest at a rate of 8% per annum. In addition, we exchanged approximately $0.4 million of unpaid PIK interest on our FCL 2nd lien note for common equity in FCL Graphics, resulting in a $0.4 million realized loss. While we are currently recognizing cash interest on our 2nd Lien investment in FCL, we have placed the PIK component of this note on non-accrual status. In the year ended December 31, 2009, we recognized an unrealized loss on our 2nd Lien note investment in FCL of approximately $2.2 million and in the first quarter of 2010, we recognized an unrealized gain on our 2nd Lien note investment in FCL of approximately $0.2 million. As of March 31, 2010, the cost of our 2nd Lien note investment in FCL was approximately $3.0 million and the fair value of our 2nd Lien note investment in FCL was approximately $1.1 million.

Waste Recyclers Holdings, LLC

In 2009, in an effort to address liquidity and working capital constraints at Waste Recyclers Holdings, LLC, or Waste Recyclers, we restructured our debt investments in Waste Recyclers to provide for a lower rate of current cash interest and a higher rate of PIK interest. In addition, in 2009, we recognized an unrealized loss on our debt investments in Waste Recyclers of approximately $0.7 million. We continued to receive scheduled cash interest payments from Waste Recyclers during 2009. In March 2010, Waste Recyclers did not make its scheduled cash interest payments for the first quarter of 2010 and in April 2010, we received notification from Waste Recycler's senior lender that Waste Recyclers was blocked from making interest payments to us for a period of 180 days. As a result, we placed our debt investments in Waste Recyclers on non-accrual status and under U.S. GAAP, we no longer recognize interest income on our debt investments in Waste Recyclers for financial reporting purposes. In the first quarter of 2010, we recognized an unrealized loss on our debt investments in Waste Recyclers of approximately $3.4 million. As of March 31, 2010, the cost of our debt investments in Waste Recyclers was approximately $9.7 million and the fair value of our debt investments in Waste Recyclers was approximately $5.6 million.

We are currently in negotiations with the Waste Recyclers investor group regarding various restructuring alternatives, including converting some or all of our existing debt investments to an equity security. While there can be no assurance that these negotiations will result in an outcome that is acceptable to us, the investor group is working diligently toward an acceptable restructuring.

Results of Operations

Comparison of three months ended March 31, 2010 and March 31, 2009

Investment Income

For the three months ended March 31, 2010, total investment income was $7.5 million, a 15% increase from $6.5 million of total investment income for the three months ended March 31, 2009. This increase was primarily attributable to a $1.0 million increase in total loan interest, fee and dividend income (including PIK interest income) due to 1) a net increase in our portfolio investments from March 31, 2009, to March 31, 2010, and 2) an increase in non-recurring fee income of approximately $0.3 million. Non-recurring fee income was approximately $0.6 million for the three months ended March 31, 2010, as compared to approximately $0.3 million for the three months ended March 31, 2009.

Expenses

For the three months ended March 31, 2010, expenses increased by 6% to $3.7 million from $3.5 million for the three months ended March 31, 2009. The increase in expenses was primarily attributable to a $0.1 million increase in interest expense and a $0.1 million increase in general and administrative expenses. The increase in interest expense is related to higher average balances of SBA-guaranteed debentures outstanding during the three months ended March 31, 2010 than in the comparable period in 2009. In addition, we experienced a slight increase in general and administrative costs in the first quarter of 2010, primarily related to increased compensation costs (including equity-based compensation).

Net Investment Income

As a result of the $1.0 million increase in total investment income and the $0.2 million increase in expenses, net investment income for the three months ended March 31, 2010 was $3.8 million compared to net investment income of $3.0 million during the three months ended March 31, 2009.

Net Increase/Decrease in Net Assets Resulting From Operations

In the three months ended March 31, 2010, we realized a gain on the sale of one non-control/non-affiliate investment of approximately $0.2 million. In addition, during the three months ended March 31, 2010, we recorded net unrealized appreciation of investments totaling approximately $0.2 million, comprised of 1) unrealized appreciation on 15 investments totaling approximately $5.2 million, 2) unrealized depreciation on 11 investments totaling approximately $4.8 million and 3) a $0.2 million unrealized depreciation reclassification adjustment related to the realized gain noted above.

During the three months ended March 31, 2009, we recorded net unrealized depreciation of investments in the amount of $3.6 million, comprised of unrealized depreciation on 11 investments totaling $6.2 million and unrealized gains on 11 other investments totaling $2.6 million.

As a result of these events, our net increase in net assets from operations was $4.1 million for the three months ended March 31, 2010 as compared to a net decrease in net assets from operations of $0.6 million during the three months ended March 31, 2009.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents on hand, our available SBA leverage 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 the Fund's assets pursuant to SBA guidelines, the Fund 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, 2010, we experienced a net decrease in cash and cash equivalents in the amount of $11.9 million. During that period, our operating activities used $8.2 million in cash, consisting primarily of new portfolio investments of $14.1 million, partially offset by repayments received from portfolio companies of $6.5 million. In addition, we used $3.7 million of cash in financing activities, consisting primarily of cash dividends paid in the amount of $3.6 million. At March 31, 2010, we had $43.3 million of cash and cash equivalents on hand.

For the three months ended March 31, 2009, we experienced a net decrease in cash and cash equivalents in the amount of $9.8 million. During that period, our operating activities used $6.6 million in cash, consisting primarily of purchases of investments totaling $9.2 million, net of repayments received totaling $2.2 million. In the three months ended March 31, 2009, we used $3.1 million of cash for financing activities, consisting of cash dividends and distributions to stockholders. At March 31, 2009, we had $17.4 million of cash and cash equivalents on hand.

Financing Transactions

Due to the Fund's status as a licensed SBIC, the Fund has 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 in an amount up to three times the amount of its regulatory capital, which generally is the amount raised from private investors. The maximum statutory limit on the dollar amount of outstanding debentures guaranteed by the SBA issued by a single SBIC is currently $150.0 million. 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. Debentures issued prior to September 2006, were subject to pre-payment penalties during their first five years. Those pre-payment penalties no longer apply to debentures issued after September 1, 2006.

In June 2009, Triangle SBIC received a new leverage commitment from the SBA which increased Triangle SBIC's ability to issue SBA guaranteed debentures up to the maximum statutory limit of $150.0 million. In addition, we have applied for a second SBIC license which application is currently being reviewed by the SBA. If approved, this license would provide us with the capability to issue an additional $75.0 million of SBA-guaranteed debentures. As of March 31, 2010, Triangle SBIC had $121.9 million of SBA guaranteed debentures outstanding. In addition to the 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 debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rate for all SBA guaranteed debentures as of March 31, 2010 was 5.963%. As of March 31, 2010, all SBA-guaranteed debentures have been pooled and assigned fixed rates.

Distributions to Stockholders

We have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (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 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 at least 90% of our investment company taxable income (“ICTI”), as defined by the Code, each year. 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 1) PIK interest income and 2) 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

Since the beginning of 2008, the debt and equity capital markets in the United States have been 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, have led to an economic recession in the U.S and abroad, which could be long-term. Banks, investment companies and others in the financial services industry have continued to report significant write-downs in the fair value of their assets, which has 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, and 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 in February 2009. These events have significantly impacted the financial and credit markets and have reduced the 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 continue for a prolonged period of time or worsen in the future. While we have capacity to issue additional SBA guaranteed debentures as discussed above, we may not be able to access additional equity capital, which could result in the slowing of our origination activity during 2010 and beyond.

In the event that the United States economy remains in a recession, it is possible that the results of some of the middle market companies in which we invest could experience further deterioration, which could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults. There can be no assurance that the performance of certain of our portfolio companies will not be negatively impacted by challenging economic conditions which could have a negative impact on our future results.

Recent Developments

In April 2010, we invested $12.0 million in subordinated debt, convertible debt and warrants of Media Temple, Inc., a privately held, web hosting and virtualization service provider. Under the terms of the investments, Media Temple, Inc. will pay interest on the subordinated debt at a rate of 16% per annum and will pay interest on the convertible debt at a rate of 12% per annum.

Critical Accounting Policies and Use of Estimates

The preparation of our unaudited financial statements in accordance with accounting principles generally accepted in the United States 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 ongoing basis, we evaluate our estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

Investment Valuation

The most significant estimate inherent in the preparation of our financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded. We have established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring (quarterly) basis. As discussed below, we have engaged an independent valuation firm to assist us in our valuation process.

On January 1, 2008, we adopted FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements.

ASC Topic 820 clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. ASC Topic 820 provides a consistent definition of fair value which focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. In addition, ASC Topic 820 provides a framework for measuring fair value and establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of valuation hierarchy established by ASC Topic 820 are defined as follows:

Level 1 — inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — inputs to the valuation methodology 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 to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Our investment portfolio is comprised of debt and equity instruments of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, we value all of our investments at fair value, as determined in good faith by our Board of Directors, using Level 3 inputs, as further described below. Due to the inherent uncertainty in the valuation process, our Board of Directors' estimate of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. 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.

Debt and equity securities that are not publicly traded and for which a limited market does not exist are valued at fair value as determined in good faith by our Board of Directors. There is no single standard for determining fair value in good faith, as fair value depends upon circumstances of each individual case. In general, fair value is the amount that we might reasonably expect to receive upon the current sale of the security.

We evaluate the investments in portfolio companies using the most recently available portfolio company financial statements and forecasts. We also consult with the portfolio company's senior management to obtain further updates on the portfolio company's performance, including information such as industry trends, new product development 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;
- discount from market value of unrestricted securities of the same class at the time of purchase;
- 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.

In making the good faith determination of the value of debt securities, we start with the cost basis of the security, which includes the amortized original issue discount, and paid-in-kind (PIK) interest, if any. We also 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. The risk rating system covers both qualitative and quantitative aspects of the business and the securities held. In valuing debt securities, we utilize an "income approach" model that considers factors including, but not limited to, (i) the portfolio investment's current risk rating (discussed below), (ii) the portfolio company's current trailing twelve months' ("TTM") results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's outlook for the next twelve months of operations, (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, and (iv) current pricing and credit metrics for similar proposed and executed investment transactions. In valuing equity securities of private companies, we consider valuation methodologies consistent with industry practice, including (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) valuation of the securities based on recent sales in comparable transactions, and (iii) a review of similar companies that are publicly traded and the market multiple of their equity securities.

Unrealized appreciation or depreciation on portfolio investments are recorded as increases or decreases in investments on the balance sheets and are separately reflected on the statements of operations in determining net increase or decrease in net assets resulting from operations.

Duff & Phelps, LLC ("Duff & Phelps"), an independent valuation firm, 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 request 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 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 our investment in the portfolio company is determined to be insignificant relative to our total investment portfolio.

For the quarter ended March 31, 2010, we asked Duff & Phelps to perform the procedures on investments in seven portfolio companies comprising approximately 25% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of March 31, 2010. Upon completion of the procedures, Duff & Phelps concluded that the fair value, as determined by the Board of Directors, of those investments subjected to the procedures did not appear to be unreasonable. Our Board of Directors is ultimately and solely responsible for determining the fair value of our investments in good faith.

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. 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.

Fee Income

Loan origination, facility, commitment, consent and other advance fees received in connection with the origination of a loan are recorded as deferred income and recognized as income over the term of the loan. Loan prepayment penalties and loan amendment fees are recorded into income when received. Any previously deferred fees are immediately recorded into income upon prepayment of the related loan.

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. 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 our status as a RIC, this non-cash source of income must be paid out 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 has 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.

Recently Issued Accounting Standards

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures (Topic 820)*. This update improves disclosure requirements related to Fair Value Measurements and Disclosures-Overall Subtopic (Subtopic 820-10) of the FASB Standards Codification, originally issued as FASB Statement No. 157, *Fair Value Measurements*. These improved disclosure requirements will provide a greater level of disaggregated information and more robust disclosures about valuation techniques and inputs to fair value measurements. We adopted these changes beginning with its financial statements for the quarter ended March 31, 2010. The adoption of these changes did not have a material impact on our financial position or results of operations.

Off-Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Item 3. *Quantitative and Qualitative Disclosures About Market Risk.*

Beginning in late 2007, the United States entered a recession, which many believe could be prolonged. As the economy continued to deteriorate in 2008, spending by both consumers and businesses declined significantly, which has impacted the broader financial and credit markets and has reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. This reduction in spending has had 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.

During 2009, we experienced write-downs in our portfolio, several of which were due to declines in the operating performance of certain portfolio companies. In the first quarter of 2010, the fair value of our portfolio as a whole remained relatively flat with the fair value as of December 31, 2009.

As of March 31, 2010, the fair value of our non-accrual assets was approximately $13.3 million, which comprised approximately 6.3% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately $26.6 million, or 12.2% of the total cost of our portfolio. In addition to these non-accrual assets, as of March 31, 2010, we had, on a fair value basis, approximately $13.8 million of debt investments, or 6.6% 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, 2010 was approximately $16.1 million, or 7.4% of the total cost of our portfolio.

While the equity and debt markets have recently improved, these stressed conditions may continue for a prolonged period of time or worsen in the future. In the event that the current recession continues for a significant time or the economy deteriorates further, 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, 2010, we were not a party to any hedging arrangements.

As of March 31, 2010, approximately 92.5%, or $183.0 million of our debt portfolio investments bore interest at fixed rates and approximately 7.5%, or $14.9 million 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 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 bear interest at fixed rates.

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 2010 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 and the risk factor below, 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, 2009, which could materially affect our business, financial condition or operating results. The risks described herein or 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.

Recent healthcare reform legislation may affect our revenue and financial condition.

On March 23, 2010, the President of the United States signed into law the Patient Protection and Affordable Care Act of 2010 and on March 30, 2010, the President signed into law the Health Care and Education Reconciliation Act, which in part modified the Patient Protection and Affordable Care Act. Together, the two Acts serve as the primary vehicle for comprehensive health care reform in the United States. The Acts are intended to reduce the number of individuals in the United States without health insurance and effect significant other changes to the ways in which health care is organized, delivered and reimbursed. The complexities and ramifications of the new legislation are significant, and will be implemented in a phased approach beginning in 2010 and concluding in 2018. At this time, the effects of health care reform and its impact on our operations and on the business, revenues and financial condition of our portfolio companies are not yet known. Accordingly, the reform could adversely affect the cost of providing healthcare coverage generally and could adversely affect the financial success of both the portfolio companies in which we invest and us.

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

Sales of Unregistered Securities

During the quarter ended March 31, 2010, we issued a total of 100,046 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 approximately $1,215,561.

Issuer Purchases of Equity Securities

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 during the three months ended March 31, 2010.

Item 3. *Defaults Upon Senior Securities.*

Not applicable.

Item 4. *Reserved.*

Item 5. *Other Information.*

Not applicable.

Item 6. *Exhibits.*

Number	Exhibit
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
3.2	Second Amended and Restated Bylaws of the Registrant (Filed as Exhibit 3.4 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).
3.3	Certificate of 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 11, 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).
4.2	Triangle Capital Corporation Dividend Reinvestment Plan (Filed as Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission on March 12, 2008 and incorporated herein by reference).
4.3	Agreement to Furnish Certain Instruments (Filed as Exhibit 4.19 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on February 25, 2009 and incorporated herein by reference).
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.

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 5, 2010	/s/ Garland S. Tucker, III Garland S. Tucker, III President, Chief Executive Officer and Chairman of the Board of Directors
Date: May 5, 2010	/s/ Steven C. Lilly Steven C. Lilly Chief Financial Officer and Director
Date: May 5, 2010	/s/ C. Robert Knox, Jr. C. Robert Knox, Jr. Principal Accounting Officer

EXHIBIT INDEX

Number	Exhibit
3.1	Articles of Amendment and Restatement of the Registrant (Filed as Exhibit (a)(3) to the Registrant’s Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on December 29, 2006 and incorporated herein by reference).
3.2	Second Amended and Restated Bylaws of the Registrant (Filed as Exhibit 3.4 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).
3.3	Certificate of 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 11, 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).
4.2	Triangle Capital Corporation Dividend Reinvestment Plan (Filed as Exhibit 4.2 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2007 filed with the Securities and Exchange Commission on March 12, 2008 and incorporated herein by reference).
4.3	Agreement to Furnish Certain Instruments (Filed as Exhibit 4.19 to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission on February 25, 2009 and incorporated herein by reference).
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.

EXHIBIT 31.1

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/ GARLAND S. TUCKER III
Garland S. Tucker III
Chief Executive Officer

May 5, 2010

EXHIBIT 31.2

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

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

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

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

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

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

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

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

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

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

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

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

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

/s/ STEVEN C. LILLY
Steven C. Lilly
Chief Financial Officer

May 5, 2010

EXHIBIT 32.1

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

In connection with the Quarterly Report of Triangle Capital Corporation (the “Company”) on Form 10-Q for the period ended March 31, 2010 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 5, 2010

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, 2010 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 5, 2010