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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 June 30, 2008

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.)*

**3600 Glenwood Avenue, Suite 104**

**Raleigh, North Carolina**

*(Address and zip code of principal executive offices)*

**27612**

*(Zip Code)*

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

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 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 August 1, 2008 was 6,917,363.

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## PART I — FINANCIAL INFORMATION

Item 1. *Financial Statements*

## TRIANGLE CAPITAL CORPORATION

## Consolidated Balance Sheets

	June 30, 2008 (Unaudited)	December 31, 2007
<b>Assets</b>		
Investments at fair value:		
Non—Control / Non—Affiliate investments (cost of \$115,624,742 and \$66,129,119 at June 30, 2008 and December 31, 2007, respectively)	\$ 114,911,243	\$ 68,388,014
Affiliate investments (cost of \$30,085,414 and \$24,023,264 at June 30, 2008 and December 31, 2007, respectively)	32,661,279	24,576,462
Control investments (cost of \$13,388,794 and \$15,727,418 at June 30, 2008 and December 31, 2007, respectively)	18,411,040	20,071,764
Total investments at fair value	165,983,562	113,036,240
Cash and cash equivalents	18,706,661	21,787,750
Interest and fees receivable	459,990	305,159
Prepaid expenses and other current assets	160,989	47,477
Deferred financing fees	2,716,415	999,159
Property and equipment, net	39,911	34,166
Total assets	<u>\$ 188,067,528</u>	<u>\$ 136,209,951</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 737,742	\$ 1,144,222
Interest payable	1,084,994	698,735
Dividends payable	—	2,041,159
Income taxes payable	—	52,598
Deferred revenue	—	30,625
Deferred income taxes	2,128,499	1,760,259
SBA guaranteed debentures payable	89,110,000	37,010,000
Total liabilities	<u>93,061,235</u>	<u>42,737,598</u>
<b>Net Assets</b>		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 6,917,363 and 6,803,863 shares issued and outstanding as of June 30, 2008 and December 31, 2007, respectively)	6,917	6,804
Additional paid-in capital	87,013,500	86,949,189
Investment income in excess of distributions	3,848,381	1,738,797
Accumulated realized losses on investments	(618,620)	(618,620)
Net unrealized appreciation of investments	4,756,115	5,396,183
Total net assets	<u>95,006,293</u>	<u>93,472,353</u>
Total liabilities and net assets	<u>\$ 188,067,528</u>	<u>\$ 136,209,951</u>
Net asset value per share	<u>\$ 13.73</u>	<u>\$ 13.74</u>

See accompanying notes.

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

	Three Months Ended June 30, 2008 (Consolidated)	Three Months Ended June 30, 2007 (Consolidated)	Six Months Ended June 30, 2008 (Consolidated)	Six Months Ended June 30, 2007 (Combined)
Investment income:				
Loan interest, fee and dividend income:				
Non—Control / Non—Affiliate investments	\$ 2,797,958	\$ 1,349,014	\$ 4,719,727	\$ 2,504,636
Affiliate investments	886,815	519,000	1,635,581	793,614
Control investments	391,761	408,023	879,195	483,741
Total loan interest, fee and dividend income	4,076,534	2,276,037	7,234,503	3,781,991
Paid—in—kind interest income:				
Non—Control / Non—Affiliate investments	572,169	202,009	868,805	376,805
Affiliate investments	170,962	66,292	313,514	95,542
Control investments	130,912	108,365	260,307	151,313
Total paid—in—kind interest income	874,043	376,666	1,442,626	623,660
Interest income from cash and cash equivalent investments				
	69,514	634,521	206,946	993,689
Total investment income	5,020,091	3,287,224	8,884,075	5,399,340
Expenses:				
Interest expense	898,995	521,026	1,460,810	1,020,717
Amortization of deferred financing fees	56,028	28,108	96,169	55,216
Management fees	—	—	—	232,423
General and administrative expenses	1,522,626	1,094,092	2,870,959	1,642,256
Total expenses	2,477,649	1,643,226	4,427,938	2,950,612
Net investment income	2,542,442	1,643,998	4,456,137	2,448,728
Net realized loss on investment — Non Control / Non—Affiliate				
	—	—	—	(1,464,224)
Net unrealized appreciation (depreciation) of investments				
	381,815	586,086	(640,068)	2,311,415
Total net gain (loss) on investments before income taxes	381,815	586,086	(640,068)	847,191
Income tax expense				
	75,750	—	202,171	—
Net increase in net assets resulting from operations	\$ 2,848,507	\$ 2,230,084	\$ 3,613,898	\$ 3,295,919
Net investment income per share — basic and diluted				
	\$ 0.37	\$ 0.25	\$ 0.65	\$ 0.37
Net increase in net assets resulting from operations per share — basic and diluted				
	\$ 0.41	\$ 0.33	\$ 0.53	\$ 0.49
Weighted average number of shares outstanding — basic and diluted				
	6,871,215	6,687,773	6,837,539	6,687,269

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Statements of Changes in Net Assets**

	General Partner's Capital	Limited Partners' Capital	Common Stock		Additional Paid In Capital	Investment Income in Excess of (Less Than) Distributions	Accumulated Realized Gains (Losses) on Investments	Net Unrealized Appreciation (Depreciation) of Investments	Total Net Assets
			Number of Shares	Par Value					
Balance, January 1, 2007	\$ 100	\$ 21,250,000	100	\$ —	\$ 1,500	\$ 1,570,135	\$ —	\$ 2,335,076	\$25,156,811
Public offering of common stock	—	—	4,770,000	4,770	64,723,267	—	—	—	64,728,037
Formation transactions	(100)	(21,250,000)	1,916,660	1,917	21,248,183	—	—	—	—
Net investment income	—	—	—	—	—	2,448,728	—	—	2,448,728
Realized loss on investment	—	—	—	—	—	—	(1,464,224)	1,464,224	—
Net unrealized gains on investments	—	—	—	—	—	—	—	847,191	847,191
Dividends paid	—	—	46,102	46	644,919	(1,003,014)	—	—	(358,049)
Tax distribution to partners	—	—	—	—	—	(220,047)	—	—	(220,047)
Balance, June 30, 2007	\$ —	\$ —	6,732,862	\$ 6,733	\$86,617,869	\$ 2,795,802	\$ (1,464,224)	\$ 4,646,491	\$92,602,671

	Common Stock		Additional Paid In Capital	Investment Income in Excess of (Less Than) Distributions	Accumulated Realized Gains (Losses) on Investments	Net Unrealized Appreciation (Depreciation) of Investments	Total Net Assets
	Number of Shares	Par Value					
Balance, January 1, 2008	6,803,863	\$ 6,804	\$86,949,189	\$ 1,738,797	\$ (618,620)	\$ 5,396,183	\$93,472,353
Net investment income	—	—	—	4,456,137	—	—	4,456,137
Stock-based compensation	—	—	64,424	—	—	—	64,424
Income tax expense	—	—	—	(202,171)	—	—	(202,171)
Net unrealized losses on investments	—	—	—	—	—	(640,068)	(640,068)
Dividends paid	—	—	—	(2,144,382)	—	—	(2,144,382)
Issuance of restricted stock	113,500	113	(113)	—	—	—	—
Balance, June 30, 2008	6,917,363	\$ 6,917	\$87,013,500	\$ 3,848,381	\$ (618,620)	\$ 4,756,115	\$95,006,293

*See accompanying notes.*

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

	Six Months Ended June 30, 2008 (Consolidated)	Six Months Ended June 30, 2007 (Combined)
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 3,613,898	\$ 3,295,919
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by (used in) operating activities:		
Purchases of portfolio investments	(57,312,359)	(29,413,602)
Repayments received/sales of portfolio investments	4,620,159	1,534,111
Loan origination and other fees received	1,091,996	642,125
Net realized loss on investments	—	1,464,224
Net unrealized depreciation (appreciation) of investments	271,828	(2,311,415)
Deferred income taxes	368,240	—
Paid—in—kind interest accrued, net of payments received	(1,389,162)	(498,684)
Amortization of deferred financing fees	96,169	55,216
Recognition of loan origination and other fees	(210,778)	(243,975)
Accretion of loan discounts	(49,631)	(106,248)
Depreciation expense	6,813	2,064
Stock-based compensation	64,424	—
Changes in operating assets and liabilities:		
Interest and fees receivable	(154,831)	5,612
Prepaid expenses and other current assets	(113,512)	(50,637)
Accounts payable and accrued liabilities	(406,480)	(324,523)
Interest payable	386,259	71,570
Income taxes payable	(52,598)	—
Receivable from / payable to Triangle Capital Partners, LLC	—	(48,687)
Net cash provided by (used in) operating activities	(49,169,565)	(25,926,930)
Cash flows from investing activities:		
Purchases of property and equipment	(12,558)	(23,561)
Net cash used in investing activities	(12,558)	(23,561)
Cash flows from financing activities:		
Borrowings under SBA guaranteed debentures payable	52,100,000	4,000,000
Financing fees paid	(1,813,425)	(97,000)
Proceeds from initial public offering, net of expenses	—	64,728,037
Change in deferred offering costs	—	1,020,646
Cash dividends paid	(4,185,541)	(358,049)
Tax distribution to partners	—	(751,613)
Net cash provided by financing activities	46,101,034	68,542,021
Net increase (decrease) in cash and cash equivalents	(3,081,089)	42,591,530
Cash and cash equivalents, beginning of period	21,787,750	2,556,502
Cash and cash equivalents, end of period	\$ 18,706,661	\$ 45,148,032
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,074,552	\$ 949,148

*See accompanying notes.*

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**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments**  
**June 30, 2008**

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)	
<i>Non—Control / Non—Affiliate Investments:</i>						
Ambient Air Corporation (6%)*	Specialty Trade Contractors	Subordinated Note (12%, Due 03/11)	\$3,144,654	\$3,016,789	\$3,016,789	
		Subordinated Note (14%, Due 03/11)	1,872,075	1,838,115	1,838,115	
		Common Stock				
		Warrants (455 shares)		142,361	892,700	
			<u>5,016,729</u>	<u>4,997,265</u>	<u>5,747,604</u>	
American De-Rosa Lamparts, LLC and Hallmark Lighting (8%)*	Wholesale and Distribution	Subordinated Note (15.25%, Due 10/13)	8,052,586	7,897,900	7,897,900	
			<u>8,052,586</u>	<u>7,897,900</u>	<u>7,897,900</u>	
APO Newco, LLC (5%)*	Commercial and Consumer Marketing Products	Subordinated Note (14%, Due 03/13)	4,359,004	4,265,799	4,265,799	
		Unit purchase warrant (87,302 Class C units)		25,200	273,100	
			<u>4,359,004</u>	<u>4,290,999</u>	<u>4,538,899</u>	
ARC Industries, LLC (3%)*	Remediation Services	Subordinated Note (19%, Due 11/10)	2,464,919	2,439,537	2,439,537	
			<u>2,464,919</u>	<u>2,439,537</u>	<u>2,439,537</u>	
Art Headquarters, LLC (2%)*	Retail, Wholesale and Distribution	Subordinated Note (14%, Due 01/10)	2,333,488	2,299,257	2,075,900	
		Membership unit warrants (15% of units (150 units))		40,800	—	
			<u>2,333,488</u>	<u>2,340,057</u>	<u>2,075,900</u>	
Assurance Operations Corporation (4%)*	Auto Components / Metal Fabrication	Subordinated Note (17%, Due 03/12)	3,925,915	3,879,225	3,646,900	
		Common Stock (57 shares)		257,143	48,500	
			<u>3,925,915</u>	<u>4,136,368</u>	<u>3,695,400</u>	
Bruce Plastics, Inc. (0%)*	Plastic Component Manufacturing	Subordinated Note (14%, Due 10/11)	1,500,000	1,385,076	—	
		Common Stock				
		Warrants (12% of common stock)		108,534	—	
		<u>1,500,000</u>	<u>1,493,610</u>	<u>—</u>		
CV Holdings, LLC (6%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (16%, Due 03/10)	5,129,230	5,094,457	5,094,457	
		Royalty rights		—	274,600	
			<u>5,129,230</u>	<u>5,094,457</u>	<u>5,369,057</u>	
Cyrus Networks, LLC (6%)*	Data Center Services Provider	Senior Note (6%, Due 07/13)	4,747,722	4,731,423	4,731,423	
		2nd Lien Note (10%, Due 01/14)	1,026,385	1,026,385	1,026,385	
		Revolving Line of Credit (6%)	253,144	253,144	253,144	
			<u>6,027,251</u>	<u>6,010,952</u>	<u>6,010,952</u>	
DataPath, Inc. (1%)*	Satellite Communication Manufacturer	Common Stock (210,263 shares)		101,500	636,700	





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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
Eastern Shore Ambulance, Inc. (1%)*	Specialty Health Care Services	Subordinated Note (13%, Due 03/11)	\$ 1,000,000	\$ 964,005	\$ 964,005
		Common Stock Warrants (6% of common stock)		55,268	41,300
		Common Stock (30 shares)		30,000	10,800
			<u>1,000,000</u>	<u>1,049,273</u>	<u>1,016,105</u>
Electronic Systems Protection, Inc. (4%)*	Power Protection Systems Manufacturing	Subordinated Note (14%, Due 12/15)	3,028,903	3,000,977	3,000,977
		Senior Note (7%, Due 01/14)	994,219	994,219	994,219
		Common Stock (500 shares)		250,000	250,000
			<u>4,023,122</u>	<u>4,245,196</u>	<u>4,245,196</u>
Energy Hardware Holdings, LLC (4%)*	Machined Parts Distribution	Subordinated Note (14.5%, Due 10/12)	3,306,628	3,242,864	3,242,864
		Junior Subordinated Note (8%, Due 10/12)	207,667	207,667	207,667
			<u>3,514,295</u>	<u>3,450,531</u>	<u>3,450,531</u>
FCL Graphics, Inc. (7%)*	Commercial Printing Services	Senior Note (6%, Due 10/12)	1,789,200	1,782,290	1,782,290
		Senior Note (10%, Due 10/13)	2,000,000	1,992,608	1,992,608
		2nd Lien Note (18%, Due 4/14)	3,265,970	3,254,235	3,254,235
			<u>7,055,170</u>	<u>7,029,133</u>	<u>7,029,133</u>
Fire Sprinkler Systems, Inc. (2%)*	Specialty Trade Contractors	Subordinated Notes (13%—17.5%, Due 04/11)	2,464,428	2,426,940	2,123,100
		Common Stock (250 shares)		271,186	18,000
			<u>2,464,428</u>	<u>2,698,126</u>	<u>2,141,100</u>
Garden Fresh Restaurant Corp. (4%)*	Restaurant	2nd Lien Note (10%, Due 12/11) Membership Units (5,000 units)	3,000,000	3,000,000	3,000,000
				500,000	583,600
			<u>3,000,000</u>	<u>3,500,000</u>	<u>3,583,600</u>
Gerli & Company (3%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (14%, Due 08/11)	3,145,496	3,062,284	3,062,284
		Common Stock Warrants (56,559 shares)		83,414	—
			<u>3,145,496</u>	<u>3,145,698</u>	<u>3,062,284</u>
Inland Pipe Rehabilitation Holding Company LLC (8%)*	Cleaning and Repair Services	Subordinated Note (14%, Due 01/14)	8,012,889	7,292,089	7,292,089
		Membership Interest Purchase Warrant (2.5%)		563,300	563,300
			<u>8,012,889</u>	<u>7,855,389</u>	<u>7,855,389</u>
Jenkins Service, LLC (10%)*	Restoration Services	Subordinated Note (17.5%, Due 04/14)	8,107,945	7,952,853	7,952,853
		Convertible Note (10%, Due 04/14)	1,400,000	1,359,298	1,359,298
			<u>9,507,945</u>	<u>9,312,151</u>	<u>9,312,151</u>

Library Systems & Services, LLC (3%)\*

Municipal Business  
Services

Subordinated Note  
(12%, Due 03/11)  
Common Stock  
Warrants (112 shares)

2,000,000  
2,000,000

1,937,506  
58,995  
1,996,501

1,937,506  
608,000  
2,545,506

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
Syrgis Holdings, Inc. (6%)*	Specialty Chemical Manufacturer	Senior Note (7%, Due 08/12-02/14) Common Units (2,114 units)	\$ 4,797,500	\$ 4,764,552	\$ 4,764,552
				1,000,000	718,200
			<u>4,797,500</u>	<u>5,764,552</u>	<u>5,482,752</u>
TrustHouse Services Group, Inc. (5%)*	Food Management Services	Subordinated Note (14%, Due 03/15) Class A Units (1,495 units) Class B Units (79 units)	4,221,233	4,139,190	4,139,190
				475,000	475,000
				25,000	25,000
			<u>4,221,233</u>	<u>4,639,190</u>	<u>4,639,190</u>
Twin-Star International, Inc. (6%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (13%, Due 04/14) Senior Note (6%, Due 04/13)	4,500,000	4,434,146	4,434,146
			1,485,000	1,485,000	1,485,000
			<u>5,985,000</u>	<u>5,919,146</u>	<u>5,919,146</u>
Wholesale Floors, Inc. (4%)*	Commercial Services	Subordinated Note (14%, Due 06/14) Membership Interest Purchase Warrant (4.0%)	3,502,771	3,334,971	3,334,971
				132,800	132,800
			<u>3,502,771</u>	<u>3,467,771</u>	<u>3,467,771</u>
Yellowstone Landscape Group, Inc. (13%)*	Landscaping Services	Subordinated Note (15%, Due 04/14)	13,065,000	12,749,440	12,749,440
			<u>13,065,000</u>	<u>12,749,440</u>	<u>12,749,440</u>
Subtotal Non—Control / Non—Affiliate Investments			114,103,971	115,624,742	114,911,243
<i>Affiliate Investments:</i>					
Asset Point, LLC (6%)*	Asset Management Software Provider	Subordinated Note (15%, Due 03/13) Membership Units (10 units)	5,046,055	4,949,777	4,949,777
				500,000	500,000
			<u>5,046,055</u>	<u>5,449,777</u>	<u>5,449,777</u>
Axxiom Manufacturing, Inc. (2%)*	Industrial Equipment Manufacturer	Subordinated Note (14%, Due 01/11) Common Stock (34,100 shares) Common Stock Warrant (1,000 shares)	2,102,454	2,077,226	2,077,226
				200,000	286,300
				—	6,400
			<u>2,102,454</u>	<u>2,277,226</u>	<u>2,369,926</u>
Brantley Transportation, LLC (“Brantley Transportation”) and Pine Street Holdings, LLC (“Pine Street”) (4) (4%)*	Oil and Gas Services	Subordinated Note — Brantley Transportation (14%, Due 12/12) Common Unit Warrants — Brantley Transportation (4,560 common units) Preferred Units — Pine Street (200 units) Common Unit Warrants — Pine Street (2,220 units)	3,800,000	3,680,133	3,680,133
				33,600	33,600
				200,000	200,000
				—	—
			<u>3,800,000</u>	<u>3,913,733</u>	<u>3,913,733</u>
Dyson Corporation (12%)*	Custom Forging and Fastener Supplies	Subordinated Note (15%, Due 12/13)	10,161,935	9,953,777	9,953,777

Class A Units  
(1,000,000 units)

10,161,935

1,000,000  
10,953,777

1,000,000  
10,953,777

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
Equisales, LLC (8%)*	Energy Products and Services	Subordinated Note (15%, Due 04/12) Class A Units (500,000 units)	\$ 6,223,280	\$ 6,118,966	\$ 6,118,966
				500,000	1,856,500
			<u>6,223,280</u>	<u>6,618,966</u>	<u>7,975,466</u>
Flint Acquisition Corporation (1%)*	Specialty Chemical Manufacturer	Preferred Stock (9,875 shares)		308,333	1,291,600
				308,333	1,291,600
				<u>308,333</u>	<u>1,291,600</u>
Genapure Corporation ("Genapure") and Genpref, LLC ("Genpref") (5) (1%)*	Lab Testing Services	Genapure Common Stock (4,286 shares) Genpref Preferred Stock (455 shares)		500,000	627,216
				63,602	79,784
				<u>563,602</u>	<u>707,000</u>
Subtotal Affiliate Investments			<u>27,333,724</u>	<u>30,085,414</u>	<u>32,661,279</u>
<i>Control Investments:</i>					
Fischbein, LLC (15%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (16.5%, Due 05/13) Membership Units (4,200,000 units)	8,859,632	8,717,540	8,717,540
				4,200,000	5,257,500
			<u>8,859,632</u>	<u>12,917,540</u>	<u>13,975,040</u>
Porter's Group, LLC (5%)*	Metal Fabrication	Membership Units (4,730 units)		471,254	4,436,000
				471,254	4,436,000
				<u>471,254</u>	<u>4,436,000</u>
Subtotal Control Investments			<u>8,859,632</u>	<u>13,388,794</u>	<u>18,411,040</u>
Total Investments, June 30, 2008 (175%)*			<u>\$ 150,297,327</u>	<u>\$ 159,098,950</u>	<u>\$ 165,983,562</u>

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.
- (2) Interest rates on subordinated debt include cash interest rate and, where applicable, paid-in-kind interest rate.
- (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.
- (5) Genpref is the sole owner of Genapure's preferred stock and its sole business purpose is its ownership of Genapure's preferred stock.

See accompanying notes.

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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments**  
**December 31, 2007**

Portfolio Company	Industry	Type of Investment (1) (2)	Principal Amount	Cost	Fair Value (3)	
<i>Non—Control / Non—Affiliate Investments:</i>						
Ambient Air Corporation (6%)*	Specialty Trade Contractors	Subordinated Note (12%, Due 03/11)	\$ 3,144,654	\$ 2,997,686	\$ 2,997,686	
		Subordinated Note (14%, Due 03/11)	1,872,075	1,833,206	1,833,206	
		Common Stock				
		Warrants (455 shares)		142,361	929,700	
			<u>5,016,729</u>	<u>4,973,253</u>	<u>5,760,592</u>	
APO Newco, LLC (5%)*	Commercial and Consumer Marketing Products	Subordinated Note (14%, Due 03/13)	4,315,262	4,214,957	4,214,957	
		Unit purchase warrant (87,302 Class C units)		25,200	199,000	
			<u>4,315,262</u>	<u>4,240,157</u>	<u>4,413,957</u>	
Art Headquarters, LLC (3%)*	Retail, Wholesale and Distribution	Subordinated Note (14%, Due 01/10)	2,441,824	2,397,556	2,397,556	
		Membership unit warrants (15% of units (150 units))		40,800	9,800	
			<u>2,441,824</u>	<u>2,438,356</u>	<u>2,407,356</u>	
Assurance Operations Corporation (4%)*	Auto Components / Metal Fabrication	Subordinated Note (17%, Due 03/12)	3,828,527	3,776,608	3,776,608	
		Common Stock (200 shares)		200,000	—	
			<u>3,828,527</u>	<u>3,976,608</u>	<u>3,776,608</u>	
Bruce Plastics, Inc. (1%)*	Plastic Component Manufacturing	Subordinated Note (14%, Due 10/11)	1,500,000	1,371,527	1,371,527	
		Common Stock				
		Warrants (12% of common stock)		108,534	—	
		<u>1,500,000</u>	<u>1,480,061</u>	<u>1,371,527</u>		
CV Holdings, LLC (5%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (16%, Due 03/10)	4,976,360	4,932,535	4,932,535	
		Royalty rights		—	197,900	
			<u>4,976,360</u>	<u>4,932,535</u>	<u>5,130,435</u>	
Cyrus Networks, LLC (6%)*	Data Center Services Provider	Senior Note (9%, Due 07/13)	4,382,257	4,364,705	4,364,705	
		2nd Lien Note (12%, Due 01/14)	907,663	907,663	907,663	
		Revolving Line of Credit (9%)		70,880	70,880	
			<u>5,360,800</u>	<u>5,343,248</u>	<u>5,343,248</u>	
DataPath, Inc. (1%)*	Satellite Communication Manufacturer	Common Stock (210,263 shares)		101,500	576,400	
				<u>101,500</u>	<u>576,400</u>	
Eastern Shore Ambulance, Inc. (1%)*	Specialty Health Care Services	Subordinated Note (13%, Due 03/11)	1,000,000	958,715	958,715	
		Common Stock				
		Warrants (6% of common stock)		55,268	7,400	
		Common Stock (30 shares)		30,000	1,900	

1,000,000

1,043,983

968,015

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
Energy Hardware Holdings, LLC (4%)*	Machined Parts Distribution	Subordinated Note (14.5%, Due 10/12)	\$ 3,265,142	\$ 3,196,108	\$ 3,196,108
		Junior Subordinated Note (8%, Due 10/12)	207,667	207,667	207,667
			<u>3,472,809</u>	<u>3,403,775</u>	<u>3,403,775</u>
FCL Graphics, Inc. (8%)*	Commercial Printing Services	Senior Note (9%, Due 10/12)	1,920,000	1,912,331	1,912,331
		Senior Note (13%, Due 10/13)	2,000,000	1,992,061	1,992,061
		2nd Lien Note (18%, Due 4/14)	<u>3,145,481</u>	<u>3,133,096</u>	<u>3,133,096</u>
			<u>7,065,481</u>	<u>7,037,488</u>	<u>7,037,488</u>
Fire Sprinkler Systems, Inc. (3%)*	Specialty Trade Contractors	Subordinated Notes (13%—17.5%, Due 04/11)	2,517,986	2,474,943	2,474,943
		Common Stock (250 shares)		250,000	41,700
			<u>2,517,986</u>	<u>2,724,943</u>	<u>2,516,643</u>
Flint Acquisition Corporation (5%)*	Specialty Chemical Manufacturer	Subordinated Note (12.5%, Due 09/09)	3,750,000	3,719,770	3,719,770
		Preferred Stock (9,875 shares)		308,333	1,074,100
			<u>3,750,000</u>	<u>4,028,103</u>	<u>4,793,870</u>
Garden Fresh Restaurant Corp. (4%)*	Restaurant	2nd Lien Note (13%, Due 12/11)	3,000,000	3,000,000	3,000,000
		Membership Units (5,000 units)		500,000	446,600
			<u>3,000,000</u>	<u>3,500,000</u>	<u>3,446,600</u>
Gerli & Company (3%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (14%, Due 08/11)	3,114,063	3,017,205	3,017,205
		Common Stock Warrants (56,559 shares)		83,414	84,500
			<u>3,114,063</u>	<u>3,100,619</u>	<u>3,101,705</u>
Library Systems & Services, LLC (3%)*	Municipal Business Services	Subordinated Note (12%, Due 03/11)	2,000,000	1,927,075	1,927,075
		Common Stock Warrants (112 shares)		58,995	594,300
			<u>2,000,000</u>	<u>1,986,070</u>	<u>2,521,375</u>
SyrGIS Holdings, Inc. (6%)*	Specialty Chemical Manufacturer	Senior Note (9%, Due 08/12-02/14)	4,932,500	4,896,481	4,896,481
		Common Units (2,114 units)		1,000,000	1,000,000
			<u>4,932,500</u>	<u>5,896,481</u>	<u>5,896,481</u>
Twin-Star International, Inc. (6%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (13%, Due 04/14)	4,500,000	4,429,439	4,429,439
		Senior Note (8%, Due 04/13)	<u>1,492,500</u>	<u>1,492,500</u>	<u>1,492,500</u>
			<u>5,992,500</u>	<u>5,921,939</u>	<u>5,921,939</u>
Subtotal Non—Control / Non—Affiliate Investments			<u>64,284,841</u>	<u>66,129,119</u>	<u>68,388,014</u>



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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
<i>Affiliate Investments:</i>					
Axxiom Manufacturing, Inc. (3%)*	Industrial Equipment Manufacturer	Subordinated Note (14%, Due 01/11) Common Stock (34,100 shares) Common Stock Warrant (1,000 shares)	\$ 2,081,321	\$ 2,051,882 200,000 —	\$ 2,051,882 543,600 12,200
			<u>2,081,321</u>	<u>2,251,882</u>	<u>2,607,682</u>
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street") (4) (4%)*	Oil and Gas Services	Subordinated Note — Brantley Transportation (14%, Due 12/12) Common Unit Warrants — Brantley Transportation (4,560 common units) Preferred Units — Pine Street (200 units) Common Unit Warrants — Pine Street (2,220 units)	3,800,000	3,670,336 33,600 200,000 —	3,670,336 33,600 200,000 —
			<u>3,800,000</u>	<u>3,903,936</u>	<u>3,903,936</u>
Dyson Corporation (12%)*	Custom Forging and Fastener Supplies	Subordinated Note (15%, Due 12/13) Class A Units (1,000,000 units)	10,009,167	9,789,167 1,000,000	9,789,167 1,000,000
			<u>10,009,167</u>	<u>10,789,167</u>	<u>10,789,167</u>
Equisales, LLC (7%)*	Energy Products and Services	Subordinated Note (15%, Due 04/12) Class A Units (500,000 units)	6,129,723	6,014,677 500,000	6,014,677 500,000
			<u>6,129,723</u>	<u>6,514,677</u>	<u>6,514,677</u>
Genapure Corporation ("Genapure") and Genpref, LLC ("Genpref") (5) (1%)*	Lab Testing Services	Genapure Common Stock (4,286 shares) Genpref Preferred Stock (455 shares)		500,000 63,602	675,122 85,878
				<u>563,602</u>	<u>761,000</u>
Subtotal Affiliate Investments			<u>22,020,211</u>	<u>24,023,264</u>	<u>24,576,462</u>

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<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment (1) (2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value (3)</u>
<i>Control Investments:</i>					
ARC Industries, LLC (3%)*	Remediation Services	Subordinated Note (19%, Due 11/10) Membership Units (3,000 units)	\$ 2,403,521	\$ 2,373,358	\$ 2,373,358
				175,000	118,700
			<u>2,403,521</u>	<u>2,548,358</u>	<u>2,492,058</u>
Fischbein, LLC (14%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (16.5%, Due 05/13) Membership Units (4,200,000 units)	8,660,723	8,507,806	8,507,806
				4,200,000	4,200,000
			<u>8,660,723</u>	<u>12,707,806</u>	<u>12,707,806</u>
Porter's Group, LLC (5%)*	Metal Fabrication	Membership Units (4,730 units)		471,254	4,871,900
				471,254	4,871,900
Subtotal Control Investments			<u>11,064,244</u>	<u>15,727,418</u>	<u>20,071,764</u>
Total Investments, December 31, 2007 (121%)*			<u>\$97,369,296</u>	<u>\$105,879,801</u>	<u>\$113,036,240</u>

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non—income producing.
- (2) Interest rates on subordinated debt include cash interest rate and, where applicable, paid—in—kind interest rate.
- (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.
- (5) Genpref is the sole owner of Genapure's preferred stock and its sole business purpose is its ownership of Genapure's preferred stock.

*See accompanying notes.*

**TRIANGLE CAPITAL CORPORATION**  
**Notes to Unaudited Financial Statements**

**1. ORGANIZATION, BASIS OF PRESENTATION AND BUSINESS**

**Organization**

Triangle Capital Corporation (the "Company"), was formed on October 10, 2006 for the purposes of acquiring 100% of the equity interest in Triangle Mezzanine Fund LLLP (the "Fund") and its general partner, Triangle Mezzanine LLC ("TML"), raising capital in an initial public offering, which was completed in February 2007 (the "Offering") and thereafter operating as an internally managed 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.

On February 21, 2007, concurrent with the closing of the Offering, the following formation transactions were consummated (the "Formation Transactions"):

- The Company acquired 100% of the limited partnership interests in the Fund in exchange for approximately 1.9 million shares of the Company's common stock. The Fund became a wholly owned subsidiary of the Company, retained its license under the authority of the SBA to operate as an SBIC and continues to hold its existing investments and make new investments with the proceeds of the Offering; and
- The Company acquired 100% of the equity interests in TML, and the management agreement between the Fund and Triangle Capital Partners, LLC was terminated.

The Offering consisted of the sale of 4,770,000 shares of Common Stock at a price of \$15 per share, resulting in net proceeds of approximately \$64.7 million, after deducting offering costs totaling approximately \$6.8 million. Upon completion of the Offering, the Company had 6,686,760 common shares outstanding.

As a result of completion of the Offering and formation transactions, the Fund became a 100% wholly owned subsidiary of the Company. The general partner of the Fund is the New General Partner (which is wholly owned by the Company), and the limited partners of the Fund are the Company (99.9%) and the New General Partner (0.1%).

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 (previously employed by the Fund's external manager) under the supervision of its board of directors. For all periods subsequent to the consummation of the Offering and the Formation Transactions, 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 Formation Transactions discussed above involved an exchange of shares of the Company's common stock between companies under common control. In accordance with the guidance on exchanges of shares between entities under common control contained in Statement of Financial Accounting Standards No. 141, *Business Combinations* ("SFAS 141"), the Company's results of operations and cash flows for the six months ended June 30, 2007 are presented as if the Formation Transactions had occurred as of January 1, 2007. The effects of all intercompany transactions between the Company and its subsidiaries have been eliminated in consolidation/combination. All financial data and information included in these financial statements have been presented on the basis described above.

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

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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, 2007. 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.

### **Allocations and Distributions of the Fund**

During the six months ended June 30, 2007, the Fund distributed \$751,613 in cash to the former General and Limited Partners of the Fund. After consummation of the Formation Transactions, distributions of the Fund are allocated 100% to the Company.

### **Management Fee**

Prior to the consummation of the Formation Transactions, the Fund was managed by Triangle Capital Partners, LLC, a related party that is majority-owned by the Company's Chief Executive Officer and two of the Company's employees. Triangle Capital Partners, LLC was entitled to a quarterly management fee, which was payable at an annual rate of 2.5% of total aggregate subscriptions of all institutional partners and capital available from the SBA. Payments of the management fee were made quarterly in advance. Certain direct expenses such as legal, audit, tax and limited partner expense were the responsibility of the Fund. The management fees for the six months ended June 30, 2007 were \$232,423. In conjunction with the completion of the Offering in February 2007, the management agreement was terminated.

### **New Accounting Standards**

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles ("GAAP") and expands disclosures about fair value measurements. The changes to previous practice resulting from the application of SFAS 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. The definition of fair value retains the exchange price notion used in earlier definitions of fair value. SFAS 157 clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the 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. SFAS 157 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, SFAS 157 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 Company's adoption of SFAS 157 resulted in additional unrealized depreciation of approximately \$0.2 million. See Note 2 for a further discussion of the impact of the adoption of SFAS 157 on the Company's financial statements and for expanded disclosures about the Company's fair value measurements.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* ("SFAS 159"), which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments. Under SFAS 159, unrealized gains and losses on items for which the fair value option has been elected are reported in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. The Company did not adopt SFAS 159.

**2. INVESTMENTS**

As described above, effective January 1, 2008, the Company adopted SFAS 157 for its financial assets. The company has changed its balance sheet presentation for all periods to reclassify deferred loan origination revenue to the associated debt investments. Prior to the adoption of SFAS 157, the Company reported deferred loan origination revenue as a single line item on the Consolidated Balance Sheets. This change in presentation had no impact on the aggregate net cost or fair value of the Company's investment portfolio and had no impact on the Company's financial position or results of operations.

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
<b>June 30, 2008:</b>				
Subordinated debt and 2 <sup>nd</sup> lien notes	\$130,998,424	82%	\$128,853,826	78%
Senior debt	16,003,236	10	16,003,236	10
Equity shares	10,853,018	7	18,300,700	11
Equity warrants	1,244,272	1	2,551,200	1
Royalty rights	—	—	274,600	—
	<u>\$159,098,950</u>	<u>100%</u>	<u>\$165,983,562</u>	<u>100%</u>

<b>December 31, 2007:</b>				
Subordinated debt and 2 <sup>nd</sup> lien notes	\$ 80,902,982	76%	\$ 80,902,982	72%
Senior debt	14,728,958	14	14,728,958	13
Equity shares	9,699,689	9	15,335,900	13
Equity warrants	548,172	1	1,870,500	2
Royalty rights	—	—	197,900	—
	<u>\$105,879,801</u>	<u>100%</u>	<u>\$113,036,240</u>	<u>100%</u>

During the three months ended June 30, 2008, the Company made five new investments totaling \$41.9 million, two additional debt investments in existing portfolio companies of \$1.3 million and one additional equity investment in an existing portfolio company of approximately \$21,000. During the six months ended June 30, 2008, the Company made eight new investments totaling \$56.4 million, one additional debt investment in an existing portfolio company of \$0.9 million and two additional equity investments in existing portfolio companies of approximately \$0.1 million.

During the three months ended June 30, 2007, the Company made four new investments totaling \$29.3 million. During the six months ended June 30, 2007, the Company made four new investments totaling \$29.3 million and one equity investment in an existing portfolio company of approximately \$0.1 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 SFAS 157. Under SFAS 157, 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 SFAS 157 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 invests primarily in debt and equity 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.

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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 (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, (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 (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 June 30, 2008, on the consolidated balance sheet by SFAS 157 valuation hierarchy, as previously described:

	Fair Value at June 30, 2008			Total
	Level 1	Level 2	Level 3	
Portfolio company investments	\$ —	\$ —	\$165,983,562	\$165,983,562
	\$ —	\$ —	\$165,983,562	\$165,983,562

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 six months ended June 30, 2008:

	Six Months Ended June 30, 2008
Fair value of portfolio, January 1, 2008	\$ 113,036,240
New investments	57,312,359
Proceeds from sale of investment	(175,000)
Loan origination fees received	(1,091,996)
Principal repayments and payment in kind interest payments received	(4,498,623)
Payment in kind interest earned	1,442,626
Accretion of loan discounts	49,631
Accretion of deferred loan origination revenue	180,152
Unrealized losses on investments	(271,827)
Fair value of portfolio, June 30, 2008	<u>\$ 165,983,562</u>

All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported on separate line items within the Company's statements of operations. Net unrealized gains (losses) on investments of \$924,416 and \$(328,127), respectively, during the three and six months ended June 30, 2008 are related to portfolio company investments that are still held by the Company as of June 30, 2008.

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

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the initial investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our shareholders' 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, 2008, the Company asked Duff & Phelps to perform the procedures on investments in six portfolio companies comprising approximately 35% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of March 31, 2008. For the quarter ended June 30, 2008, the Company asked Duff & Phelps to perform the procedures on investments in five portfolio companies comprising approximately 18% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of June 30, 2008. 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 valuation 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. The Company will stop accruing interest on investments and write off any previously accrued and uncollected interest when it is determined that interest is no longer 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 received. 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 this interest generally occurs at the time of loan principal repayment. The Company will generally cease accruing PIK interest if there is insufficient value to support the accrual or if the investee is not expected to be able to pay all principal and interest due.

**Concentration of Credit Risk**

The Company's investees are generally lower middle—market companies in a variety of industries. At June 30, 2008, the Company had no investments that were individually greater than or equal to 10% of the total fair value of its investment portfolio. At December 31, 2007, the Company had one investment that was individually greater than or equal to 10% of the total fair value of its investment portfolio. This investment represented approximately 11% of the total fair value of the Company's investment portfolio as of December 31, 2007. 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**

For 2007 and 2008, the Company intends to elect to be treated as a Regulated Investment Company ("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 GAAP purposes, such that the Company's consolidated financial statements reflect the Company's investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit the Company to hold certain portfolio companies that are organized as limited liability companies ("LLCs") (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90% of the RIC's gross revenue for income tax purposes must consist of investment income. Absent the Taxable Subsidiaries, a proportionate amount of any gross income of an LLC (or other pass-through entity) portfolio investment would flow through directly to the RIC. To the extent that such income did not consist of investment income, it could jeopardize the Company's ability to qualify as a RIC and therefore cause the Company to incur significant amounts of federal income taxes. Where the LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, however, 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 June 30, 2008 was approximately \$161.6 million.

**4. LONG—TERM DEBT**

The Company has the following debentures outstanding guaranteed by the SBA:

Issuance/Pooling Date	Maturity Date	Prioritized Return Rate	June 30, 2008	December 31, 2007
September 22, 2004	September 1, 2014	5.539%	\$ 8,700,000	\$ 8,700,000
March 23, 2005	March 1, 2015	5.893%	13,600,000	13,600,000
September 28, 2005	September 1, 2015	5.796%	9,500,000	9,500,000
February 1, 2007	March 1, 2017	6.231%	4,000,000	4,000,000
March 26, 2008	March 1, 2018	6.191%	6,410,000	1,210,000
March 27, 2008	September 1, 2018	3.788%(1)	4,840,000	—
April 11, 2008	September 1, 2018	3.728%(1)	9,400,000	—
April 28, 2008	September 1, 2018	4.007%(1)	15,160,000	—
May 29, 2008	September 1, 2018	3.768%(1)	5,000,000	—
May 29, 2008	September 1, 2018	3.768%(1)	5,000,000	—
June 11, 2008	September 1, 2018	3.854%(1)	5,000,000	—
June 24, 2008	September 1, 2018	3.826%(1)	2,500,000	—
			<b>\$89,110,000</b>	<b>\$37,010,000</b>

(1) Prioritized Return Rates for debentures issued subsequent to March 26, 2008 are interim rates set by the SBA. These debentures will be pooled in September 2008 and at that time, a permanent Prioritized Return Rate for these debentures will be established by the SBA.



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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 twice the amount of its regulatory capital. As of June 30, 2008, the maximum statutory limit on the dollar amount of outstanding SBA guaranteed debentures issued by a single SBIC is \$130.6 million (which amount is subject to increase on an annual basis based on cost of living increases). With \$65.3 million of regulatory capital as of June 30, 2008, the Fund has the current capacity to issue up to a total of \$130.6 million of SBA guaranteed debentures, subject to the payment of a 1% commitment fee to the SBA on the amount of the commitment. As of June 30, 2008, the Fund had paid commitment fees for and had a commitment from the SBA to issue a total of \$96.9 million of SBA guaranteed debentures, of which \$89.1 million are outstanding as of June 30, 2008. On July 9, 2008, the Fund received an additional commitment from the SBA of \$33.75 million, bringing the total commitment from the SBA up to the statutory limit of \$130.6 million. Upon receipt of this commitment, the Fund incurred a 1.0% non-refundable commitment fee of \$337,500. 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 rates for all SBA guaranteed debentures as of June 30, 2008 and December 31, 2007 were 4.812% and 5.826%, respectively. The calculation of these weighted average interest rates includes the interim rates charged on SBA guaranteed debentures which have not yet been pooled.

## **5. EQUITY-BASED COMPENSATION**

The Company's Board of Directors and shareholders 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. The terms of equity-based awards granted under the Plan generally will vest ratably over one- to four-year periods.

The Company accounts for its equity-based compensation plan using the fair value method, as prescribed by Statement of Accounting Standards No. 123R, "Share-Based Payment." 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.

On May 7, 2008, the Company's Board of Directors granted 113,500 restricted shares of our common stock to certain employees and independent directors. These restricted shares had a total grant date fair value of approximately \$1.3 million, which will be expensed on a straight-line basis over each respective award's vesting period. In the six months ended June 30, 2008, the Company recognized equity-based compensation expense of approximately \$0.1 million. This expense is included in general and administrative expenses in the Company's consolidated statements of operations. As of June 30, 2008, the Company has a total of 113,500 restricted shares outstanding.

As of June 30, 2008, there was approximately \$1.2 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 3.5 years.

## 6. FINANCIAL HIGHLIGHTS

The following is a schedule of financial highlights for the six months ended June 30, 2008 and 2007:

	Six Months Ended June 30,	
	2008	2007(1)
Per share data:		
Net asset value at beginning of period(1)	\$ 13.74	\$ 13.44
Net investment income(2)	0.65	0.37
Net realized loss on investments(2)	—	(0.22)
Net unrealized appreciation (depreciation) on investments(2)	(0.09)	0.34
Total increase from investment operations(2)	0.56	0.49
Cash dividends paid	(0.31)	(0.05)
Stock-based compensation	0.01	—
Distribution to partners(2)	—	(0.03)
Income tax provision(2)	(0.03)	—
Other (3)	(0.24)	(0.10)
Net asset value at end of period	\$ 13.73	\$ 13.75
Market value at end of period(4)	\$ 11.39	\$ 14.17
Shares outstanding at end of period	6,917,363	6,732,862
Net assets at end of period	\$95,006,293	\$92,602,671
Average net assets(1)	\$94,468,102	\$90,820,387
Ratio of operating expenses to average net assets (annualized)	9%	6.5%
Ratio of net investment income to average net assets (annualized)	9%	5.4%
Portfolio turnover ratio	4%	2.7%
Total Return(5)	(6%)	(4.5%)

- (1) Net asset value as of January 1, 2007 and average net assets for the six months ended June 30, 2007 are presented as if the Offering and Formation Transactions had occurred on January 1, 2007. See Note 1 for a further description of the basis of presentation of the Company's financial statements.
- (2) Weighted average basic per share data.
- (3) 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 shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.
- (4) Represents the closing price of the Company's common stock on the last day of the period.
- (5) The total return for the six months ended June 30, 2008 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. The total return for the six months ended June 30, 2007 equals the change in the ending market value of the Company's common stock from the Offering price of \$15.00 per share plus dividends paid per share during the period, divided by the Offering price. Total return is not annualized.

## 7. SUBSEQUENT EVENTS

On July 9, 2008, the Fund received an additional commitment from the SBA of \$33.75 million, bringing the total commitment from the SBA up to the statutory limit of \$130.6 million. Upon receipt of this commitment, the Fund incurred a 1.0% non-refundable commitment fee of \$337,500.

On July 21, 2008, the Company's Board of Directors declared a cash dividend of \$0.35 per share payable on September 4, 2008 to all holders of record on August 14, 2008.

**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. As discussed further in Note 1 to our unaudited financial statements, on February 21, 2007, concurrent with the closing of our initial public offering (the "Offering"), we acquired Triangle Mezzanine Fund LLLP (the "Fund") and the Fund's General Partner, Triangle Mezzanine LLC ("TML") in exchange for shares of our common stock. These acquisitions constituted an exchange of shares between entities under common control. In accordance with the guidance on exchanges of shares between entities under common control contained in Statement of Financial Accounting Standards No. 141, *Business Combinations*, the financial data and information discussed herein for the six months ended June 30, 2007 are presented as if the acquisition had occurred as of January 1, 2007.

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, 2007. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

**Overview of Our Business**

We are a Maryland corporation incorporated on October 10, 2006, for the purposes of acquiring the Fund and TML, raising capital in the Offering and thereafter operating as an internally managed business development company, or BDC under the Investment Company Act of 1940. 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. The Fund has invested primarily in debt instruments, equity investments, warrants and other securities of lower middle market privately held companies located in the United States. Upon the consummation of the Offering, we completed the Formation Transactions described in footnote 1 to our unaudited financial statements included in Item 1 of Part I of this Quarterly Report, at which time the Fund became our wholly-owned subsidiary, and the former partners of the Fund became our stockholders.

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 \$2.0 and \$10.0 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 11.0% and 15.0% per annum. Certain of our debt investments have a form of interest, referred to as payment in kind, or PIK, interest, that is not paid currently but 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 June 30, 2008 and December 31, 2007, the weighted average yield on all of our outstanding debt investments (including PIK interest) was approximately 14.0% and 13.9%, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments) was approximately 13.0% and 12.6% as of June 30, 2008 and December 31, 2007, respectively.

The Fund is eligible to sell debentures guaranteed by the SBA to 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 SBA-guaranteed debentures, referred to herein as SBA leverage, to make additional investments and thus enhance returns to our stockholders.

**Portfolio Composition**

The total value of our investment portfolio was \$166.0 million as of June 30, 2008, as compared to \$113.0 million as of December 31, 2007. As of June 30, 2008, we had investments in 34 portfolio companies with an aggregate cost of \$159.1 million. As of December 31, 2007, we had investments in 26 portfolio companies with an aggregate cost of \$105.9 million. As of June 30, 2008,

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we had no portfolio investments that represented greater than 10% of the total fair value of our investment portfolio. As of December 31, 2007, we had one portfolio investment that represented greater than 10% of the total fair value of our investment portfolio.

As of June 30, 2008 and December 31, 2007, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
<b>June 30, 2008:</b>				
Subordinated debt and 2 <sup>nd</sup> lien notes(1)	\$130,998,424	82%	\$128,853,826	78%
Senior debt(1)	16,003,236	10	16,003,236	10
Equity shares	10,853,018	7	18,300,700	11
Equity warrants	1,244,272	1	2,551,200	1
Royalty rights	—	—	274,600	—
	<u>\$159,098,950</u>	<u>100%</u>	<u>\$165,983,562</u>	<u>100%</u>
<b>December 31, 2007:</b>				
Subordinated debt and 2 <sup>nd</sup> lien notes(1)	\$ 80,902,982	76%	\$ 80,902,982	72%
Senior debt(1)	14,728,958	14	14,728,958	13
Equity shares	9,699,689	9	15,335,900	13
Equity warrants	548,172	1	1,870,500	2
Royalty rights	—	—	197,900	—
	<u>\$105,879,801</u>	<u>100%</u>	<u>\$113,036,240</u>	<u>100%</u>

(1) We have changed our balance sheet presentation for all periods to net deferred loan origination revenue against the associated debt investments for all periods subsequent to the adoption of SFAS 157 on January 1, 2008.

**Investment Activity**

During the six months ended June 30, 2008, we made eight new investments totaling \$56.4 million, one additional debt investment in an existing portfolio company of \$0.9 million and two additional equity investments in existing portfolio companies of approximately \$0.1 million. We also sold one investment in a portfolio company for approximately \$0.2 million, resulting in no realized gain or loss as the proceeds from the sale equaled the cost basis of the investment. We had one portfolio company loan repaid at par in the amount of \$3.8 million. In addition, we received normal principal repayments and payment in kind (PIK) interest repayments totaling approximately \$0.7 million in the six months ended June 30, 2008. Total portfolio investment activity for the six months ended June 30, 2008 was as follows:

	Six Months Ended June 30, 2008(1)
Fair value of portfolio, January 1, 2008	\$ 113,036,240
New investments	57,312,359
Proceeds from sale of investment	(175,000)
Loan origination fees received	(1,091,996)
Principal repayments and payment in kind interest payments received	(4,498,623)
Payment in kind interest earned	1,442,626
Accretion of loan discounts	49,631
Accretion of deferred loan origination revenue	180,152
Unrealized losses on investments	(271,827)
Fair value of portfolio, June 30, 2008	<u>\$ 165,983,562</u>
Weighted average yield on debt investments as of June 30, 2008	<u>14.0%</u>
Weighted average yield on total investments as of June 30, 2008	<u>13.0%</u>

(1) We have changed our balance sheet presentation for all periods to net deferred loan origination revenue against the associated debt investments for all periods subsequent to the adoption of SFAS 157 on January 1, 2008.

## Results of Operations

### **Comparison of three months ended June 30, 2008 and June 30, 2007**

#### *Investment Income*

For the three months ended June 30, 2008, total investment income was \$5.0 million, a 53% increase from \$3.3 million of total investment income for the three months ended June 30, 2007. This increase was primarily attributable to a \$1.8 million increase in total loan interest, fee and dividend income and a \$0.5 million increase in total paid-in-kind interest income due to net increase in our portfolio investments from June 30, 2007 to June 30, 2008 offset by a \$0.6 million decrease in interest income from cash and cash equivalent investments due to (i) a significant decrease in average cash balances in the second quarter of 2008 over the comparable period in 2007 and (ii) a decrease in overall interest rates. Non-recurring fee income was \$0.2 million for both the three months ended June 30, 2008 and 2007.

#### *Expenses*

For the three months ended June 30, 2008, expenses increased by 51% to \$2.5 million from \$1.6 million for the three months ended June 30, 2007. The increase in expenses was primarily attributable to a \$0.4 million increase in general and administrative expenses and a \$0.4 million increase in interest expense. As a result of the Offering and the Formation Transactions described in Note 1 to our unaudited financial statements, we are an internally managed investment company and on February 21, 2007, we began incurring general and administrative costs associated with employing our executive officers, key investment personnel and corporate professionals and other general corporate overhead costs. As of June 30, 2008, we had 13 full-time employees, as compared to nine full-time employees as of June 30, 2007. In addition, we experienced an increase in general and administrative costs in 2008 associated with being a publicly-traded company, such as increased insurance, accounting, corporate governance and legal costs. The increase in interest expense is related to higher average balances of SBA-guaranteed debentures outstanding during the three months ended June 30, 2008 than in the comparable period in 2007.

#### *Net Investment Income*

As a result of the \$1.7 million increase in total investment income and the \$0.9 million increase in expenses, net investment income for the three months ended June 30, 2008 was \$2.5 million compared to net investment income of \$1.6 million during the three months ended June 30, 2007.

#### *Net Increase in Net Assets Resulting From Operations*

In the three months ended June 30, 2008, we recorded net unrealized appreciation of investments in the amount of \$0.4 million, comprised of unrealized gains on nine investments totaling \$1.9 million and unrealized losses on eight investments totaling \$1.5 million. During the three months ended June 30, 2007, we recorded net unrealized appreciation of investments in the amount of \$0.6 million, comprised of unrealized gains on eight investments totaling \$1.2 million and unrealized losses on eleven investments totaling \$0.6 million.

As a result of these events, our net increase in net assets from operations during the three months ended June 30, 2008 was \$2.8 million as compared to \$2.2 million for the three months ended June 30, 2007.

### **Comparison of six months ended June 30, 2008 and June 30, 2007**

#### *Investment Income*

For the six months ended June 30, 2008, total investment income was \$8.9 million, a 65% increase from \$5.4 million of total investment income for the six months ended June 30, 2007. This increase was primarily attributable to a \$3.5 million increase in total loan interest, fee and dividend income and a \$0.8 million increase in total paid-in-kind interest income due to net increase in our portfolio investments from June 30, 2007 to June 30, 2008 offset by a \$0.8 million decrease in interest income from cash and cash equivalent investments due to (i) a significant decrease in average cash balances in the first six months of 2008 over the comparable period in 2007 and (ii) a decrease in overall interest rates. Non-recurring fee income was \$0.3 million for the six months ended June 30, 2008 as compared to \$0.2 million for the six months ended June 30, 2007.

#### *Expenses*

For the six months ended June 30, 2008, expenses increased by 50% to \$4.4 million from \$3.0 million for the six months ended June 30, 2007. The increase in expenses was primarily attributable to a \$1.2 million increase in general and administrative expenses and a \$0.4 million increase in interest expense. As a result of the Offering and the Formation Transactions described in Note 1 to our

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unaudited financial statements, we are an internally managed investment company and on February 21, 2007, we began incurring general and administrative costs associated with employing our executive officers, key investment personnel and corporate professionals and other general corporate overhead costs. As of June 30, 2008, we had 13 full-time employees, as compared to nine full-time employees as of June 30, 2007. In addition, we experienced an increase in general and administrative costs in 2008 associated with being a publicly-traded company, such as increased insurance, accounting, corporate governance and legal costs. The increase in interest expense is related to higher average balances of SBA-guaranteed debentures outstanding during the six months ended June 30, 2008 than in the comparable period in 2007. These increases in general and administrative costs and interest costs were partially offset by a \$0.2 million decrease in management fees. We incurred no management fees in the first six months of 2008 compared to \$0.2 million in management fees in the first six months of 2007.

### *Net Investment Income*

As a result of the \$3.5 million increase in total investment income and the \$1.5 million increase in expenses, net investment income for the six months ended June 30, 2008 was \$4.5 million compared to net investment income of \$2.4 million during the six months ended June 30, 2007.

### *Net Increase in Net Assets Resulting From Operations*

We recorded no realized gains or losses on investments in the six months ended June 30, 2008. For the six months ended June 30, 2007, net realized loss on investment was \$1.5 million, all of which related to one investment.

In the six months ended June 30, 2008, we recorded net unrealized depreciation of investments in the amount of \$0.6 million, comprised of unrealized gains on ten investments totaling \$2.6 million and unrealized losses on ten investments totaling \$3.2 million. During the six months ended June 30, 2007, we recorded net unrealized appreciation of investments in the amount of \$2.3 million, comprised primarily of an unrealized gain reclassification adjustment of approximately \$1.5 million related to the realized loss noted above. In addition, in the six months ended June 30, 2007, we recorded unrealized gains on eleven other investments totaling \$2.0 million and unrealized losses on eight investments totaling \$1.1 million.

As a result of these events, our net increase in net assets from operations during the six months ended June 30, 2008 was \$3.6 million as compared to \$3.3 million for the six months ended June 30, 2007.

### *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.

### *Cash Flows*

For the six months ended June 30, 2008, we experienced a net decrease in cash and cash equivalents in the amount of \$3.1 million. During that period, our operating activities used \$49.2 million in cash, consisting primarily of new portfolio investments of \$57.3 million, and we generated \$46.1 million of cash from financing activities, consisting of proceeds from borrowings under SBA guaranteed debentures payable of \$52.1 million, partially offset by financing fees paid to the SBA of \$1.8 million and cash dividends paid of \$4.2 million. At June 30, 2008, we had \$18.7 million of cash and cash equivalents on hand.

For the six months ended June 30, 2007, we experienced a net increase in cash and cash equivalents in the amount of \$42.6 million. During that period, our operating activities used \$25.9 million in cash, and we generated \$68.5 million of cash from financing activities, consisting primarily of (i) proceeds from our Offering of \$64.7 million, (ii) proceeds from borrowings under SBA guaranteed debentures payable of \$4.0 million and (iii) a decrease in deferred offering costs of \$1.0 million, partially offset by cash dividends paid of \$0.4 million, tax distributions to partners of \$0.8 million and financing fees paid to the SBA of \$0.1 million. At June 30, 2007, we had \$45.1 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 twice 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 as of June 30, 2008 is currently \$130.6 million (which amount is subject to increase on an annual basis based on cost of living increases). 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

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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.

With \$65.3 million of regulatory capital as of June 30, 2008, the Fund has the current capacity to issue up to a total of \$130.6 million of SBA guaranteed debentures, subject to the payment of a 1% commitment fee to the SBA on the amount of the commitment. As of June 30, 2008, the Fund had paid commitment fees for and had a commitment from the SBA to issue a total of \$96.9 million of SBA guaranteed debentures, of which \$89.1 million are outstanding as of June 30, 2008. On July 9, 2008, the Fund received an additional commitment from the SBA of \$33.75 million, bringing the total commitment from the SBA up to the statutory limit of \$130.6 million. Upon receipt of this commitment, the Fund incurred a 1.0% non-refundable commitment fee of \$337,500. 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 June 30, 2008 was 4.812%. The calculation of these weighted average interest rates includes the interim rates charged on SBA guaranteed debentures which have not yet been pooled.

### *Current Market Conditions*

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 things. These events, along with the deterioration of the housing market, have led to worsening general economic conditions which have impacted the broader financial and credit markets and have reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. 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 2009 and beyond.

In the event that the United States economy enters into a protracted recession, it is possible that the results of some of the middle market companies similar to those in which we invest could experience deterioration, which could ultimately lead to difficulty in meeting debt service requirements and an increase in defaults. While we are not seeing signs of an overall, broad deterioration in our portfolio company results at this time, there can be no assurance that the performance of certain of our portfolio companies will not be negatively impacted by economic conditions which could have a negative impact on our future results.

### **Critical Accounting Policies and Use of Estimates**

The preparation of our 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 on-going basis, we evaluate our estimates, including those related to the matters described below. These estimates are based on the information that is currently available to us and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates under different assumptions or conditions. A discussion of our critical accounting policies follows.

### ***Investment Valuation***

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

On January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, 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.

SFAS 157 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. SFAS 157 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, SFAS 157 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 SFAS 157 are defined as follows:



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*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. We invest primarily in debt and equity 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 recent 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 payment-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, (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



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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 shareholders’ 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, 2008, we asked Duff & Phelps to perform the procedures on investments in six portfolio companies comprising approximately 35% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of March 31, 2008. For the quarter ended June 30, 2008, we asked Duff & Phelps to perform the procedures on investments in five portfolio companies comprising approximately 18% of the total investments at fair value (exclusive of the fair value of new investments made during the quarter) as of June 30, 2008. 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. We stop accruing interest on investments and 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 by us on loan agreements or other investments are recorded as deferred income and recognized as income over the term of the 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 recorded as interest income. 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. We will stop accruing PIK interest and write off any accrued and uncollected interest when it is determined that PIK interest is no longer collectible.

### **New Accounting Standards**

On January 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (“SFAS 157”), which defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles (“GAAP”) and expands disclosures about fair value measurements. The changes to previous practice resulting from the application of SFAS 157 relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. The definition of fair value retains the exchange price notion used in earlier definitions of fair value. SFAS 157 clarifies that the exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the 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. SFAS 157 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, SFAS 157 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. Our adoption of SFAS 157 resulted in additional unrealized depreciation of approximately \$0.2 million. See Note 2 to our unaudited financial statements for a further discussion of the impact of the adoption of SFAS 157 on our financial statements and for expanded disclosures about our fair value measurements.

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In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115* (“SFAS 159”), which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board’s long-term measurement objectives for accounting for financial instruments. Under SFAS 159, unrealized gains and losses on items for which the fair value option has been elected are reported in earnings (or another performance indicator if the business entity does not report earnings) at each subsequent reporting date. We did not adopt SFAS 159.

### **Off-Balance Sheet Arrangements**

We currently have no off-balance sheet arrangements.

### **Related Party Transactions**

Effective concurrently with the closing of the Offering, TML, the general partner of the Fund, merged into a wholly-owned subsidiary of Triangle Capital Corporation. A substantial majority of the ownership interests of TML at that time were owned by our Chief Executive Officer, Chief Financial Officer, Chief Investment Officer and two of our Managing Directors. As a result of such merger, these five individuals collectively received shares of our common stock valued at approximately \$6.7 million.

Three members of our management, including our Chief Executive Officer, collectively own approximately 67% of Triangle Capital Partners, LLC. As of June 30, 2008, Triangle Capital Partners, LLC does not own any shares of Triangle Capital Corporation’s common stock. Prior to the closing of the Offering, Triangle Capital Partners, LLC provided management and advisory services to the Fund pursuant to a management services agreement dated as of February 3, 2003. Under the terms of this management services agreement, Triangle Capital Partners, LLC received approximately \$0.2 million in management fees from the Fund during the six months ended June 30, 2007. This agreement terminated upon the closing of the Offering.

### **“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 2007 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.

**Item 3. Quantitative and Qualitative Disclosures About Market 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. As of June 30, 2008, approximately 86.2% of our investment portfolio bore interest at fixed rates. All of our pooled SBA leverage is currently 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 floating rate assets in 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 second quarter of 2008 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 a party to any pending legal proceedings.

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

Except for the risk factors set forth below, there have been no material changes from the risk factors as previously disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2007.

***Regulations governing our operation as a business development company may affect our ability to raise additional capital through the issuance of our common stock.***

Due to restrictions under the Investment Company Act of 1940 (the "1940 Act"), we are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, sell our common stock, warrants, options or rights to acquire our common stock, at a price below the current net asset value of the common stock if our board of directors determines that such sale is in the best interests of our stockholders, and our stockholders approve such sale. At our annual stockholders meeting on May 7, 2008, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year. In any such case, however, the price at which our common stock is to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities (less any distributing commission or discount).

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

As a business development company ("BDC"), we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70.0% of our total assets are qualifying assets.

We believe that substantially all of our investments are currently or will in the future constitute qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC, which would have a material adverse effect on our business, financial condition and results of operations. Similarly, these rules could prevent us from making follow-on investments in existing portfolio companies (which could result in the dilution of our position).

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

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

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

Not applicable.

### **Item 3. Defaults Upon Senior Securities.**

Not applicable.

### **Item 4. Submission of Matters to a Vote of Security Holders.**

At the Company's 2008 Annual Meeting of Stockholders held on May 7, 2008, our stockholders voted on the following four matters:

1. The re-election of eight directors to hold office until the Company's 2009 Annual Meeting of Stockholders. The votes cast with respect to each director were as follows:

Director	Shares Voted For	Authority Withheld
Garland S. Tucker, III	6,284,532.89	207,383.21
Brent P.W. Burgess	6,286,144.89	205,771.21
Steven C. Lilly	6,285,489.89	206,426.21
W. McComb Dunwoody	6,222,024.89	269,891.21
Thomas M. Garrott, III	6,282,449.89	209,466.21
Benjamin S. Goldstein	6,280,584.89	211,331.21
Simon B. Rich, Jr.	6,286,334.89	205,581.21
Sherwood H. Smith, Jr.	6,279,359.89	212,556.21

2. A proposal to approve the Company's Amended and Restated 2007 Equity Incentive Plan was approved by a vote of 4,427,314.59 shares for, 536,611.92 shares against, 126,438.59 shares abstained and 1,401,551.00 broker non-votes.
3. A proposal to authorize the Company, pursuant to approval of its Board of Directors, to sell shares of its common stock for a period of one year at a price below the Company's then current net asset value per share, was approved by a vote of 3,990,179.91 shares for, 1,032,651.18 shares against, 67,534.00 shares abstained and 1,401,551.00 broker non-votes. This proposal was also approved by our non-affiliated stockholders by a vote of 3,185,846.86 shares for, 1,032,651.18 shares against, 67,534.00 shares abstained and 1,401,551.00 broker non-votes.
4. A proposal for the ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2008 was approved by a vote of 6,368,765.89 shares for, 85,336.21 shares against and 37,814.00 shares abstained.

### **Item 5. Other Information.**

Not applicable.

### **Item 6. Exhibits.**

Number	Exhibit
2.1	Agreement and Plan of Merger, dated as of November 2, 2006, by and among Triangle Capital Corporation, New Triangle GP, LLC, and Triangle Mezzanine LLC (Filed as Exhibit (k)(7) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on November 3, 2006 and incorporated herein by reference).
2.2	Agreement and Plan of Merger, dated as of November 2, 2006, by and among Triangle Capital Corporation, TCC Merger Sub, LLC and Triangle Mezzanine Fund LLLP (Filed as Exhibit (k)(8) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on November 3, 2006 and incorporated herein by reference).
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	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

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<u>Number</u>	<u>Exhibit</u>
	and Exchange Commission on February 13, 2007 and incorporated herein by reference).
3.3	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).
3.4	Amended and Restated Bylaws of the Registrant (Filed as Exhibit (b) 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).
4.1	Form of Common Stock Certificate (Filed as Exhibit (d) to the Registrant's post-effective amendment to the 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 filed with the Securities and Exchange Commission on March 12, 2008 and incorporated herein by reference).
14.1	Code of Conduct
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: August 5, 2008

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

Date: August 5, 2008

/s/ Steven C. Lilly  
Steven C. Lilly  
Chief Financial Officer and Director

Date: August 5, 2008

/s/ C. Robert Knox, Jr.  
C. Robert Knox, Jr.  
Principal Accounting Officer

**EXHIBIT INDEX**

<b>Number</b>	<b>Exhibit</b>
2.1	Agreement and Plan of Merger, dated as of November 2, 2006, by and among Triangle Capital Corporation, New Triangle GP, LLC, and Triangle Mezzanine LLC (Filed as Exhibit (k)(7) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on November 3, 2006 and incorporated herein by reference).
2.2	Agreement and Plan of Merger, dated as of November 2, 2006, by and among Triangle Capital Corporation, TCC Merger Sub, LLC and Triangle Mezzanine Fund LLLP (Filed as Exhibit (k)(8) to the Registrant's Registration Statement on Form N-2/N-5 (File No. 333-138418) filed with the Securities and Exchange Commission on November 3, 2006 and incorporated herein by reference).
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	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).
3.3	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).
3.4	Amended and Restated Bylaws of the Registrant (Filed as Exhibit (b) 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).
4.1	Form of Common Stock Certificate (Filed as Exhibit (d) to the Registrant's post-effective amendment to the 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 filed with the Securities and Exchange Commission on March 12, 2008 and incorporated herein by reference).
14.1	Code of Conduct
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.



**Code of Conduct for  
Triangle Capital Corporation  
Triangle Mezzanine Fund LLLP**

**I. Introduction**

This Code of Conduct (the "Code") covers a wide range of business practices and procedures. It does not cover every issue that may arise, but it sets out basic principles to guide all employees, officers and directors of Triangle Capital Corporation and Triangle Mezzanine Fund LLLP. We expect every employee, officer and director to read and understand this Code and its application to the performance of his or her business responsibilities. The Code should also be provided to and followed by the agents and representatives, including consultants of Triangle Capital Corporation and Triangle Mezzanine Fund LLLP (collectively, referred to herein as the "Company").

If a law conflicts with a policy in this Code, you must comply with the law. If you have any questions about these conflicts, you should ask your supervisor how to handle the situation.

Action by members of your immediate family or other persons who live in your household also may potentially result in ethical issues to the extent that they involve the Company's business. For example, acceptance of inappropriate gifts by a family member from one of our suppliers or portfolio companies could create a conflict of interest and result in a Code violation attributable to you. Consequently, in complying with this Code, you should consider not only your own conduct, but also that of your immediate family members and other persons who live in your household.

References in this Code to employees are intended to cover all employees including officers and, as applicable, directors. References to the "Company," "our companies" or the "Triangle group" mean Triangle Capital Corporation and Triangle Mezzanine Fund LLLP. References to the Board of Directors mean the Boards of Directors of the Triangle group of companies, as applicable. References to the Audit Committee mean the Audit Committees of Triangle Capital Corporation and Triangle Mezzanine Fund LLLP, as applicable.

**Please note that you will be asked to certify compliance with this Code on an annual basis. Thus, you should not hesitate to ask questions, voice concerns or clarify gray areas about whether any conduct may violate this Code. In addition, you are responsible for reporting suspected or actual violation of this Code by others. You should be alert to possible violations of this Code by others, and must report suspected violations, without fear of any form of retaliation, as further described in Part V, Section 15 of this Code.**

**II. Implementing Guidance and Procedures**

As with any written guidance, this Code may not clearly address every situation you may encounter. If concerns or questions that you have about a course of action are not addressed specifically by this Code, you should ask yourself the following six questions to begin your evaluation process:

### **Ethics “Quick Test”**

1. Is it legal?
2. Would doing it make me feel bad or ashamed in any way?
3. Is it consistent with our Core Values?
4. Would I want my family or friends to read about it in the newspaper?
5. Would failing to act make the situation worse or allow a “wrong” to continue?
6. Does it follow the Golden Rule set out below?

If you still have questions or concerns, do not act until your questions and concerns have been raised and resolved. Our Chief Compliance Officer (“CCO”) and staff (the “Compliance Officers”) or the Audit Committee are all available to help you. Additionally, if you are not comfortable addressing potential violations of this Code with any of these persons directly, you may also raise your concerns by anonymously contacting our whistleblower hotline provided and managed by Shareholder.com (See Part V, Section 15 of this Code for contact and other information regarding the compliance resources available to you).

If you are aware of a suspected or actual violation of Code standards by others, you have a responsibility to report it. You are expected to promptly notify a Compliance Officer or contact another compliance reporting resource to provide a specific description of the violation that you believe has occurred, including any information you have about the persons involved and the time of the violation. Whether you choose to speak with your supervisor or one of the Compliance Officers, you should do so without fear of any form of retaliation. We will take prompt disciplinary action against any employee who retaliates against you.

Supervisors must promptly report any complaints or observations of Code violations to the CCO. If you believe your supervisor has not taken appropriate action, you should contact one of our Compliance Officers directly. The Compliance Officers will investigate all reported possible Code violations promptly and with the highest degree of confidentiality that is possible under the specific circumstances. Neither you nor your supervisor may conduct any preliminary investigation, unless authorized to do so by the CCO. Your cooperation in the investigation will be expected. As needed, the CCO will consult with the Audit Committee of the Board of Directors. It is our policy to employ a fair process by which to determine violations of this Code.

With respect to any complaints or observations of Code violations that may involve accounting, internal accounting controls and auditing concerns, the CCO shall promptly inform the chair of the Audit Committee, who will then turn over such information to the Audit Committee or such other persons as the Audit Committee of the Board of Directors determines to be appropriate under the circumstances shall be responsible for supervising and overseeing the inquiry and any investigation that is undertaken.

If any investigation indicates that a potential violation of this Code has occurred, we will take such action as we believe to be appropriate under the circumstances. Violations of this Code will not be tolerated. Any employee who violates this Code may be subject to disciplinary action, which, depending on the nature of the violation and the history of the employee, may range from a warning or reprimand to and including termination of employment and, in appropriate cases, civil legal action or referral for regulatory enforcement action. Appropriate action may also be taken to deter any future Code violations.

Always remember that at our companies, your ethical behavior is the ultimate “bottom line.” We are committed to do what is right even when it does not seem to be profitable, expedient or conventional. That means we will be truthful, ethical, law-abiding, and respectful in all of our dealings with others.

### **III. Core Values:**

We are committed to the highest standards of ethical and professional conduct in all of our business operations, as well as in our interactions with customers, business partners and employees. The following are the values we hold in highest esteem — the values that we propose to use as our guide in our quest for excellence and success. To assist and encourage you to apply our Core Values in your day-to-day activities, each Core Value includes amplifying and implementing guidance.

#### **A. Golden Rule and Respect**

- a. Following the Golden Rule means we will strive to always do the right thing ... the thing we would want others to do to us.
- b. Treating others the way we would like to be treated is our foundational value and the golden rule is a good summary of our other core values.
- c. Respect means we respect the rights, opinions and beliefs of others so long as they are consistent with our other core values.

#### *Amplifying and implementing guidance:*

- Be a good listener, encourage diverse opinions and be willing to accept them.
- Recognize the achievement of others.
- Don't prejudge another person's qualities or intentions.
- Respect confidences.
- Recognize each individual's human dignity and value.

#### **B. Honesty and Openness**

- a. Honesty means we refuse to lie, cheat, steal or deceive in any way.
- b. We will never deliberately mislead, or misrepresent the truth.
- c. We will always strive to do the legal and fair thing, fulfilling both the letter and intent of our commitments and the law.
- d. Openness means we will be free, forthright and sincere in our discussions, as candid as possible, and will openly share appropriate information in each relationship.

#### *Amplifying and implementing guidance:*

- Be forthright and never use information as a source of power.
- Strive for clarity.
- Focus on issues, not personalities.
- Carry no hidden agendas.
- Be willing to admit your own mistakes and be tolerant of others' mistakes.

#### **C. Integrity**

- a. Integrity means we will refuse to be corrupted or unfaithful to our values.

- b. We will do what we say we will do, and we will conduct ourselves in accordance with our values and our code of ethics.
- c. We will always try to do the right thing.
- d. We will operate within both the letter and the spirit of the law.

*Amplifying and implementing guidance:*

- Act and speak ethically.
- What you do when no one is looking should agree with your professed ethics.

**D. Teamwork and Innovation**

- a. Teamwork means working together to achieve our goals and values as a group and not working at cross purposes.
- b. Innovation means encouraging each other to seek new ways of doing our business to improve our quality and efficiency.

*Amplifying and implementing guidance:*

- Acknowledge all co-workers as valuable team members.
- Show confidence in the character and truthfulness of others.
- Practice solidarity by respecting and supporting team decisions.
- Encourage initiative and participation.
- Be accountable to the team.
- Lead by example.
- Recognize that taking and accepting reasonable risks is necessary business conduct.

**E. Responsibility**

- a. Responsibility means we are morally and legally accountable for our actions.
- b. We are determined to do the right thing, and to be good stewards of the things that have been entrusted into our care.

*Amplifying and implementing guidance:*

- Accept responsibility for your own mistakes, and give credit to others for their accomplishments.
- Keep commitments.

**F. Loyalty and Hard Work**

- a. We will be loyal to our Company and protect its assets and confidential information. We will be faithful in carrying out our duties.
- b. We will always work hard and do our best.

*Amplifying and implementing guidance:*

- Demand excellence from yourself, and seek and encourage it from others.
- Demonstrate a sense of urgency in all that you do.
- Our success is directly related to our loyalty to each other and to our Company.

**IV. Our Valued Relationships**

We will deal fairly and honestly in all of our relationships, treating all our business associates as long-term valued partners. We will operate our business based on the practical application of the Golden Rule, our other values, and all other provisions of our Code of Conduct, for the mutual benefit of all our valued relationships. We will strive to be dependable and respectable in all our dealings with our business associates and our employees, value each shareholder and lender to our Company, and we will be faithful stewards of their funds. We are committed to providing a work environment where there is no conflict between work and moral or ethical values, or family responsibilities, and where everyone is treated equally and with respect.

We have certain relationships that we hold dear and they are:

- Customers and clients are the reason we are in business. We seek to help our customers and clients to achieve their goals. We know that if we help them reach their goals, they will help us reach our goals too.
- Employees are the heart of our Company. We are no greater than our employees. Each employee is an integral part of our team. We seek to have the best employees and the best organization to support the growth of each employee.
- Shareholders have entrusted us with their assets. We seek to increase the value of those assets. As trustees we will do our best to protect and grow the assets that have been entrusted to us.
- Suppliers provide us with the things we need to achieve our goals. They have the goods and services we need to grow our business. We will treat each supplier as a valued partner in the growth of our business.
- Corporate governance is part of our operations. We seek to fulfill the regulatory aspects of our business operations in a timely and accurate manner.

## **V. Standards of Ethics and Business Conduct**

Underlying our Core Values, described in Part III above, is our commitment to maintain the highest standards of ethics and business conduct.

### **1. Honest and Ethical Conduct**

It is the policy of our companies to promote high standards of integrity by conducting our affairs in an honest and ethical manner. The integrity and reputation of our companies depends on the honesty, fairness and integrity brought to the job by each person associated with us. Unwavering personal integrity is the foundation of corporate integrity.

### **2. Legal Compliance**

Obeying the law, both in letter and in spirit, is the foundation of this Code. Our success depends upon each employee's operating within legal guidelines and cooperating with local, national and international authorities. We expect employees to understand the legal and regulatory requirements applicable to their business units and areas of responsibility. We hold periodic training sessions to ensure that all employees comply with this Code, the compliance policies and procedures of our companies, and other relevant laws, rules and regulations associated with their employment. While we do not expect you to know every detail of these laws, rules and regulations, we expect you to be familiar with this Code and our compliance

policies and procedures, so that you are able to determine when to seek advice from others. If you do have a question in the area of legal compliance, it is important that you not hesitate to seek answers from your supervisor or one of the Compliance Officers (see Section 15 of this Part V below for more information about the Compliance Officers).

Disregard of the law will not be tolerated. Violation of domestic or foreign laws, rules and regulations may subject an individual, as well as our companies, to civil or criminal penalties. You should be aware that conduct and records, including emails, are subject to internal and external audits and to discovery by third parties in the event of a government investigation or civil litigation. It is in everyone's best interest to know and comply with our legal obligations.

### **3. Insider Trading**

Employees who have access to confidential (or "inside") information are not permitted to use or share that information for stock trading purposes or for any other purpose except to conduct our business. All non-public information about our companies or about companies with which we do business is considered confidential information. To use material non-public information in connection with buying or selling securities, including "tipping" others who might make an investment decision on the basis of this information, is not only unethical, it is illegal. You must exercise the utmost care when handling material inside information.

The Company's Insider Trading Policy (the "Trading Policy"), which is attached to this Code as Appendix A and is incorporated by reference into this Code, has been instituted to help you avoid prohibited insider trading, and to ensure that our companies comply with the separate requirements of Rules 17j-1 of the Investment Company Act of 1940. All employees are expected to understand and comply with all Trading Policy provisions applicable to them.

The Trading Policy addresses detailed legal provisions of the Securities Act of 1934 and the Investment Company Act of 1940 and imposes requirements, and in some cases, restrictions, on certain securities trades that you may wish to make. The Trading Policy contains provisions that require you to obtain pre-clearance for all investments in any initial public offering, and for securities trades for which you may have insider information. To request pre-clearance of a securities transaction, you should complete Schedule A of the attached Appendix A and forward it to our CCO. The Trading Policy also requires all employees to provide certain reports of their holdings or transactions in certain securities. The particular reports you will be required to provide are described more fully in the Trading Policy.

If you have questions regarding the requirements or compliance procedures under the Trading Policy, or if you don't know whether your situation requires pre-clearance or reporting, you should contact one of our Compliance Officers.

### **4. International Business Laws**

You are expected to comply with the applicable laws in all countries to which you travel, in which we operate and where we otherwise do business, including laws prohibiting bribery, corruption or the conduct of business with specified individuals, companies or countries. The fact that, in some countries, certain laws are not enforced or that violation of those laws is not subject to public criticism will not be accepted as an excuse for noncompliance. In addition, we expect you to comply with U.S. laws, rules and regulations governing the conduct of business by its citizens and corporations outside the U.S. If you have a question as to whether an activity is

restricted or prohibited, seek assistance before taking any action, including giving any verbal assurances that might be regulated by international laws.

## **5. Environmental Compliance**

It is our policy to conduct our business in an environmentally responsible way that minimizes environmental impacts. We are committed to minimizing and, if practicable, eliminating the use of any substance or material that may cause environmental damage, reducing waste generation and disposing of all waste through safe and responsible methods, minimizing environmental risks by employing safe technologies and operating procedures, and being prepared to respond appropriately to accidents and emergencies.

## **6. Conflicts of Interest**

We respect the rights of our employees to manage their personal affairs and investments and do not wish to impinge on their personal lives. At the same time, you should avoid conflicts of interest that occur when your personal interests may interfere in any way with the performance of your duties or the best interests of our companies. A conflicting personal interest could result from an expectation of personal gain now or in the future or from a need to satisfy a prior or concurrent personal obligation. We expect you to be free from influences that conflict with the best interests of our companies, or might deprive our companies of your undivided loyalty in business dealings. Even the appearance of a conflict of interest where none actually exists can be damaging and should be avoided. Whether or not a conflict of interest exists or will exist can be unclear.

If you have any questions about a potential conflict or if you become aware of an actual or potential conflict, and you are not an officer or director of one of our companies, you should discuss the matter with your supervisor or with one of our Compliance Officers. Supervisors may not authorize conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first seeking the approval of the CCO and providing the CCO with a written description of the activity. If the supervisor is involved in the potential or actual conflict, you should discuss the matter directly with the CCO. Officers and directors may seek authorizations and determinations from the Audit Committee of the Board of Directors. Factors that may be considered in evaluating a potential conflict of interest are, among others:

- whether it may interfere with the employee's job performance, responsibilities or morale;
- whether the employee has access to confidential information;
- whether it may interfere with the job performance, responsibilities or morale of others within the organization;
- any potential adverse or beneficial impact on our business;
- any potential adverse or beneficial impact on our relationships with our customers or suppliers or other service providers;
- whether it would enhance or support a competitor's position;
- the extent to which it would result in financial or other benefit (direct or indirect) to the employee;

- the extent to which it would result in financial or other benefit (direct or indirect) to one of our customers, suppliers or other service providers; and
- the extent to which it would appear improper to an outside observer.

Although no list can include every possible situation in which a conflict of interest could arise, the following are examples of situations that may, depending on the facts and circumstances, involve problematic conflicts of interests:

- **Employment by (including consulting for) or service on the board of a competitor, customer or supplier or other service provider (other than as part of your duties as an employee of the Company).** Activity that enhances or supports the position of a competitor to the detriment of one or more of our companies is prohibited, including individual employment by or service on the board of a competitor. Employment by or service on the board of a customer or supplier or other service provider is generally discouraged and you must seek authorization in advance if you plan to take such a position.
- **Owning, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with us.** In addition to the factors described above, persons evaluating ownership in other entities for conflicts of interest will consider the size and nature of the investment; the nature of the relationship between the other entity and any one of our companies; the employee's access to confidential information and the employee's ability to influence one of our companies decisions. If you would like to acquire a financial interest of any kind, you must seek written approval in advance from the CCO.
- **Soliciting or accepting gifts, favors, loans or preferential treatment from any person or entity that does business or seeks to do business with us.** See Section 10 for further discussion of the issues involved in this type of conflict.
- **Soliciting contributions to any charity or for any political candidate from any person or entity that does business or seeks to do business with us.**
- **Taking personal advantage of corporate opportunities.** See Section 7 for further discussion of the issues involved in this type of conflict.
- **Working at a second job without permission.**
- **Conducting business transactions between any one of our companies and your family member or a business in which you or a family member has a significant financial interest.** Material related-party transactions must be approved by the Audit Committee and, if that activity involves any executive officer or director, that activity will be required to be publicly disclosed as required by applicable laws and regulations.

Loans to, or guarantees of obligations of, employees or their family members by our companies could constitute an improper personal benefit to the recipients of these loans or guarantees, depending on the facts and circumstances. Some loans are expressly prohibited by law and applicable law requires that our Board of Directors approve all loans and guarantees to employees. As a result, all loans and guarantees by our companies must be approved in advance by the Board of Directors.



## **7. Corporate Opportunities.**

You may not take personal advantage of the opportunities of our companies that are presented to you or discovered by you as a result of your position with us or through your use of corporate property or information, unless authorized by the Board of Directors. Even opportunities that are acquired privately by you may be questionable if they are related to our existing or proposed lines of business. Significant participation in an investment or outside business opportunity that is directly related to our lines of business must be pre-approved by the board of directors of our Company that is affected. You may not use your position with us or corporate property or information for improper personal gain, nor should you compete with us in any way.

## **8. Maintenance of Corporate Books, Records, Documents and Accounts; Financial Integrity; Public Reporting**

The integrity of our records and public disclosure depends upon the validity, accuracy and completeness of the information supporting the entries to our books of account. Therefore, our corporate and business records should be completed accurately and honestly. The making of false or misleading entries, whether they relate to financial results or test results, is strictly prohibited. Our records serve as a basis for managing our business and are important in meeting our obligations to customers, suppliers, creditors, employees and others with whom we do business. As a result, it is important that our books, records and accounts accurately and fairly reflect, in reasonable detail, our assets, liabilities, revenues, costs and expenses, as well as all transactions and changes in assets and liabilities. We require that:

- no entry be made in our books and records that intentionally hides or disguises the nature of any transaction or of any of our liabilities or misclassifies any transactions as to accounts or accounting periods;
- transactions be supported by appropriate documentation;
- the terms of sales and other commercial transactions be reflected accurately in the documentation for those transactions and all such documentation be reflected accurately in our books and records;
- employees comply with our system of internal controls; and
- no cash or other assets be maintained for any purpose in any unrecorded or "off-the-books" fund.

Our accounting records are also relied upon to produce reports for our management, stockholders and creditors, as well as for governmental agencies. In particular, we rely upon our accounting and other business and corporate records in preparing the periodic and current reports that we file with the Securities and Exchange Commission (SEC). Securities laws require that these reports provide full, fair, accurate, timely and understandable disclosure and fairly present our financial condition and results of operations. Employees who collect, provide or analyze information for or otherwise contribute in any way in preparing or verifying these reports should strive to ensure that our financial disclosure is accurate and transparent and that our reports contain all of the information about the Triangle group of companies that would be important to enable stockholders and potential investors to assess the soundness and risks of our business and finances and the quality and integrity of our accounting and disclosures. In addition:

- no employee may take or authorize any action that would intentionally cause our financial records or financial disclosure to fail to comply with generally accepted accounting principles, the rules and regulations of the SEC or other applicable laws, rules and regulations;
- all employees must cooperate fully with our Accounting Department and, when one is established, Internal Auditing Departments, as well as our independent public accountants and counsel, respond to their questions with candor and provide them with complete and accurate information to help ensure that our books and records, as well as our reports filed with the SEC, are accurate and complete; and
- no employee should knowingly make (or cause or encourage any other person to make) any false or misleading statement in any of our reports filed with the SEC or knowingly omit (or cause or encourage any other person to omit) any information necessary to make the disclosure in any of our reports accurate in all material respects.

Any employee who becomes aware of any departure from these standards has a responsibility to report his or her knowledge promptly to a supervisor, a Compliance Officer, the Audit Committee or one of the other compliance resources described in Section 15.

#### **9. Fair Dealing**

We strive to outperform our competition fairly and honestly. Advantages over our competitors are to be obtained through superior performance of our products and services, not through unethical or illegal business practices. Acquiring proprietary information from others through improper means, possessing trade secret information that was improperly obtained, or inducing improper disclosure of confidential information from past or present employees of other companies is prohibited, even if motivated by an intention to advance our interests. If information is obtained by mistake that may constitute a trade secret or other confidential information of another business, or if you have any questions about the legality of proposed information gathering, you must consult your supervisor or one of our Compliance Officers, as further described in Section 15.

You are expected to deal fairly with our customers, suppliers, employees and anyone else with whom you have contact in the course of performing your job. Be aware that the Federal Trade Commission Act provides that “unfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce, are declared unlawful.” It is a violation of the Federal Trade Commission Act to engage in deceptive, unfair or unethical practices and to make misrepresentations in connection with sales activities.

Employees involved in procurement have a special responsibility to adhere to principles of fair competition in the purchase of products and services by selecting suppliers based exclusively on normal commercial considerations, such as quality, cost, availability, service and reputation, and not on the receipt of special favors.

#### **10. Gifts and Entertainment**

Business gifts and entertainment are meant to create goodwill and sound working relationships and not to gain improper advantage with customers or facilitate approvals from government officials. The exchange, as a normal business courtesy, of meals or entertainment

(such as tickets to a game or the theatre or a round of golf) is a common and acceptable practice as long as it is not extravagant. Unless express written permission is received from a supervisor, the CCO or the Audit Committee, gifts and entertainment cannot be offered, provided or accepted by any employee unless consistent with customary business practices and not (a) of more than token or nominal monetary value, (b) in cash, (c) susceptible of being construed as a bribe or kickback, (d) made or received on a regular or frequent basis or (e) in violation of any laws. This principle applies to our transactions everywhere in the world, even where the practice is widely considered "a way of doing business." Employees should not accept gifts or entertainment that may reasonably be deemed to affect their judgment or actions in the performance of their duties. Our customers, suppliers and the public at large should know that our employees' judgment is not for sale.

#### **11. Protection and Proper Use of Company Assets**

All employees are expected to protect our assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on our profitability. Our property, such as office supplies, computer equipment, buildings and products, are expected to be used only for legitimate business purposes, although incidental personal use may be permitted. You may not, however, use our corporate name, any brand name or trademark owned or associated with our companies or any letterhead stationery for any personal purpose.

You may not, while acting on behalf of our companies or while using our computing or communications equipment or facilities, either:

- access the internal computer system (also known as "hacking") or other resource of another entity without express written authorization from the entity responsible for operating that resource; or
- commit any unlawful or illegal act, including harassment, libel, fraud, sending of unsolicited bulk email (also known as "spam") in violation of applicable law, trafficking in contraband of any kind or espionage.
- If you receive authorization to access another entity's internal computer system or other resource, you must make a permanent record of that authorization so that it may be retrieved for future reference, and you may not exceed the scope of that authorization.

Unsolicited bulk email is regulated by law in a number of jurisdictions. If you intend to send unsolicited bulk email to persons outside of our companies, either while acting on our behalf or using our computing or communications equipment or facilities, you should contact your supervisor or the CCO for approval.

All data residing on or transmitted through our computing and communications facilities, including email and word processing documents, is the property of our companies and subject to inspection, retention and review by us, with or without an employee's or third party's knowledge, consent or approval, in accordance with applicable law. Any misuse or suspected misuse of our assets must be immediately reported to your supervisor or a Compliance Officer.

#### **12. Confidentiality**

One of our most important assets is our confidential information. As an employee of our companies, you may learn of information about our business that is confidential and proprietary.

You also may learn of information before that information is released to the general public. Employees who have received or have access to confidential information should take care to keep this information confidential. Confidential information includes non-public information that might be of use to competitors or harmful to our companies or its customers if disclosed, such as business, marketing and service plans, financial information, product architecture, source codes, designs, databases, customer lists, pricing strategies, personnel data, personally identifiable information pertaining to our employees, customers or other individuals, and similar types of information provided to us by our customers, suppliers and partners. This information may be protected by patent, trademark, copyright and trade secret laws.

In addition, because we interact with other companies and organizations, there may be times when you learn confidential information about other companies before that information has been made available to the public. You must treat this information in the same manner as you are required to treat our confidential and proprietary information. There may even be times when you must treat as confidential the fact that we have an interest in, or are involved with, another company.

You are expected to keep confidential and proprietary information confidential unless and until that information is released to the public through approved channels (usually through a press release, an SEC filing or a formal communication from a member of senior management, as further described in Section 13). Every employee has a duty to refrain from disclosing to any person confidential or proprietary information about us or any other company learned in the course of employment here, until that information is disclosed to the public through approved channels. This policy requires you to refrain from discussing confidential or proprietary information with outsiders and even with other of our companies' employees, unless those fellow employees have a legitimate need to know the information in order to perform their job duties. Unauthorized use or distribution of this information could also be illegal and result in civil liability or criminal penalties.

You should also take care not to inadvertently disclose confidential information. Materials that contain confidential information, such as memos, notebooks, computer disks and laptop computers, should be stored securely. Unauthorized posting or discussion of any information concerning our business, information or prospects on the Internet is prohibited. You may not discuss our business, information or prospects in any "chat room," regardless of whether you use your own name or a pseudonym. Be cautious when discussing sensitive information in public places like elevators, airports, restaurants and "quasi-public" areas within the Triangle group of companies. All our companies' emails, voicemails and other communications are presumed confidential and should not be forwarded or otherwise disseminated outside of our companies, except where required for legitimate business purposes.

In addition to the above responsibilities, if you are handling information protected by any privacy policy published by us, such as our website privacy policy, then you must handle that information in accordance with the applicable policy.

### **13. Media and Public Discussions**

It is our policy to disclose material information concerning our companies to the public only through specific limited channels to avoid inappropriate publicity and to ensure that all those with an interest in the Company will have equal access to information. All inquiries or calls from the press and financial analysts should be referred to the Chief Executive Officer

("CEO") or our Chief Financial Officer ("CFO"). We have designated our CEO and our CFO as our official spokespersons for all matters relating to the Company. Unless a specific exception has been made by the CEO or CFO, these designees are the only people who may communicate with the public (including the media and press) on behalf of our company. In addition, our compliance policies and procedures require that communications of this nature, including advertisements, presentations or speeches and website content, be reviewed by the CCO. You also may not provide any information to the media about us off the record, for background, confidentially or secretly.

#### **14. Waivers**

Any waiver of this Code for executive officers (including our principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions) or directors may be authorized only by the Board of Directors of our companies, and will be disclosed to stockholders as required by applicable laws, rules and regulations.

#### **15. Compliance Standards and Procedures**

##### ***Compliance Resources; Compliance Officers***

To facilitate compliance with this Code, we have implemented a program of Code awareness, training and review. We have designated our CCO to oversee this program. The CCO will have staff to assist in oversight of the program. The Compliance Officers are persons to whom you can address any questions or concerns. Please contact your manager or the head of Human Resources to determine who has been appointed as a Compliance Officer. In addition to fielding questions or concerns with respect to potential violations of this Code, the CCO is responsible for:

- investigating possible violations of this Code;
- training new employees in Code policies;
- conducting annual training sessions to refresh employees' familiarity with this Code;
- distributing certifications regarding this Code annually by hard copy or by email to each employee as a reminder that each employee is responsible for reading, understanding and complying with this Code;
- updating this Code as needed and alerting employees to any updates, with appropriate approval of the Audit Committee, to reflect changes in the law, our companies operations and in recognized best practices, and to reflect our companies experience; and
- otherwise promoting an atmosphere of responsible and ethical conduct.

Your most immediate resource for any matter related to this Code is your supervisor. He or she may have the information you need or may be able to refer the question to another appropriate source.

There may, however, be times when you prefer not to go to your supervisor. In these instances, you should feel free to discuss your concern with a Compliance Officer. If you are uncomfortable speaking with a Compliance Officer because he or she works in your department

or is one of your supervisors, please contact a member of the Audit Committee. You may also report violations directly to members of the Audit Committee by (i) sending a letter to the attention of Benjamin S. Goldstein, Triangle Capital Corporation, 3600 Glenwood Avenue, Suite 104, Raleigh, North Carolina 27612, (ii) calling our companies' toll-free hotline run by Shareholder.com at 866-654-1540 and speaking with a representative who will transmit the information to the Audit Committee or (iii) submitting an e-mail to [tcap@openboard.info](mailto:tcap@openboard.info) or directly into the web address, [www.openboard.info/tcap/](http://www.openboard.info/tcap/), whereupon a representative of Shareholder.com will transmit the information to the Audit Committee. The Audit Committee will pass on to the Board of Directors all information related to complaints or observations that involve accounting, internal accounting controls and auditing concerns.

You may utilize Shareholder.com's whistleblower hotline services anonymously, although if you remain anonymous Shareholder.com will be unable to obtain follow-up details from you that may be necessary to investigate the matter. Whether you identify yourself or remain anonymous, your contact with Shareholder.com will be kept strictly confidential to the extent reasonably possible within the objectives of this Code.

#### **16. Amendments and Modifications**

This Code of Conduct may not be amended or modified except in a written form, which is specifically approved by majority vote of the independent directors of the applicable entities.

This Code of Conduct was adopted by the Board of Directors of Triangle Capital Corporation, including the independent directors, on August 1, 2008.

**Appendix A**  
**Insider Trading Policy**  
**For**  
**Triangle Capital Corporation**  
**and its subsidiaries**

This Policy was adopted by the Company's Board of Directors, including the independent directors, on March 20, 2007.

This Insider Trading Policy (the "Policy") has been adopted to comply with Rule 17j-1 under the Investment Company Act of 1940 (the "Investment Company Act"). The Policy establishes standards and procedures designed to address conflicts of interest and detect and prevent abuse of fiduciary duty by persons with knowledge of the investments and investment intentions of Triangle Capital Corporation and its subsidiaries (collectively referred to as the "Company").

**(a) General Prohibitions**

(i) This policy generally applies to the investment activities of all officers, directors and employees of the Company or any other entity in a Control relationship (as defined below) to the Company (the "Covered Persons"). However, there are certain provisions of the Investment Company Act and this Policy that are primarily concerned with the investment activities of those employees of the Company who are involved in or have access to information regarding securities recommendations made to the Company, which employees include only the officers, employees and directors of the Company, or any other company in a Control relationship to the Company (the "Access Persons").

(ii) The Investment Company Act makes it "unlawful" for Covered Persons to engage in conduct which is deceitful, fraudulent or manipulative, or which involves false or misleading statements, in connection with the purchase or sale of securities by an investment company. Accordingly, under the Investment Company Act and this Policy no Covered Person shall use any information concerning the investments or investment intentions of the Company, or his or her ability to influence such investment intentions, for personal gain or in a manner detrimental to the interests of the Company.

In addition, no Covered Person shall, directly or indirectly in connection with the purchase or sale of a "security held or to be acquired" (as defined in Section (c)(xii) of this Policy) by the Company: (a) employ any device, scheme or artifice to defraud the Company; or (b) make to the Company any untrue statement of a material fact or omit to state to any of the foregoing a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; or (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Company; or (d) engage in any manipulative practice with respect to the Company.

**(b) General Principles.**

This Policy acknowledges the general principles that Covered Persons: (A) owe a fiduciary obligation to the Company; (B) have the duty at all times to place the interests of stockholders first; (C) must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual's position of trust and responsibility; and (D) should not take inappropriate advantage of their positions in relation to the Company.

**(c) Definitions.**

For purposes of this Policy,

**(i) "Access Person"** means any officer, employee, director or managing director of the Company, or any other company in a Control relationship to the Company.

**(ii) "Beneficial Interest"** means any interest by which a Covered Person or any member of his or her Immediate Family, can directly or indirectly derive a monetary benefit from the purchase, sale (or other acquisition or disposition) or ownership of a Security, except such interests as Clearing Officers (defined below) shall determine to be too remote for the purpose of this Policy. (A transaction in which a Covered Person acquires or disposes of a Security in which he or she has or thereby acquires a direct or indirect Beneficial Interest is sometimes referred to in this Code of Ethics as a "personal securities" transaction or as a transaction for the person's "own account").

**(iii) "Clearing Officers"** has the meaning in Section (d)(ii)(1) below.

**(iv) "Control"** means the power to exercise a controlling influence over the management or policies of a company (unless such power is solely the result of an official position with such company). Any person who owns beneficially, directly or through one or more controlled companies, more than 25% of the voting securities of a company shall be presumed to control such company. For purposes of this Policy, natural persons and portfolio companies of the Company shall be presumed not to be controlled persons.

**(v) "Covered Security"** includes any securities issued by the Company, and all debt obligations, stock and other instruments comprising the investments of the Company, including any warrant or option to acquire or sell a security and financial futures contracts, but excludes securities issued by the U.S. government or its agencies, bankers' acceptances, bank certificates of deposit, commercial paper and unaffiliated shares of a mutual fund (open-end fund). References to a "Covered Security" in this Policy shall include any warrant for, option in, or security immediately convertible into that "Covered Security."

**(vi) "Covered Person"** means any officer, director or employee of the Company or any other company in a Control relationship to the Company, but does not include portfolio companies of the Company.

**(vii) "Immediate Family"** includes any children, stepchildren, grandchildren, parents, stepparents, grandparents, spouses, siblings, mothers-in-law, fathers-in-law, sons-in-law, daughters-in-law, brothers-in-law, or sisters-in-law, including adoptive relationships, who live in the same household.



(viii) **“Limited Offering”** means an offering that is exempt from registration under Sections 4(2) or 4(6) of, or Regulation D under, the Securities Act of 1933, as amended. Limited Offerings may include, among other things, limited partnership or limited liability company interests, or other Securities purchased through private placements.

(ix) **“Loan Officer”** means an Access Person who is responsible for making decisions as to Securities to be bought or sold for the Company’ portfolio.

(x) **“Non-Access Person”** means any employee of the Company, or any other company in a Control relationship to the Company, which employee is not an “Access Person.”

(xi) **“Prohibited Transaction”** means any of the following transactions, if effected by a Covered Person without prior approval of the CCO:

(1) a transaction in which such Covered Person knows or should know at the time of entering into the transaction that: (i) the Company has engaged in a transaction in the same Security within the last 180 days, or is engaging in a transaction or is going to engage in a transaction in the same Security in the next 180 days;

(2) a transaction that involves the direct or indirect acquisition of Securities in an initial public offering or Limited Offering of any issuer; or

(3) a transaction in any Security issued by the Company during a closed trading window. Trading windows are generally closed on the last day of each fiscal quarter, and generally re-open three trading days following the filing of the Company’s quarterly report on Form 10-Q, or annual report on Form 10-K, as applicable, with the SEC.

(xii) A **“Security held or to be acquired”** by the Company means any Security (as defined above) which, within the most recent 180 days is or has been held by the Company or is being or has been considered for purchase by the Company.

(xiii) A Security is **“being considered for purchase or sale”** from the time an amendment letter is signed by or on behalf of the Company until the closing with respect to that Security is completed or aborted.

(xiv) **“Security”** means any note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security,” or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

**(d) Pre-Clearance of Certain Personal Transactions.**

(i) **Requirement for Pre-Clearance.** All Covered Persons must obtain Pre-Clearance under the procedures provided in Section (d)(ii) for any Prohibited Transactions which are not exempt under subsection (iv) of this Section (d).

**(ii) Pre-Clearance Procedures.**

**(1) From Whom Obtained.** Pre-Clearance must be obtained from the CCO plus another officer, or from any two officers of the Company who are not either parties to the transaction or a relative of a party to the transaction. For purposes of this Policy, these officers are sometimes referred to as "Clearing Officers."

**(2) Form.** Clearance must be obtained in writing by completing and signing the "Request for Permission to Engage in Personal Transaction" form attached hereto as Schedule A, which form shall set forth the details of the proposed transaction, and obtaining the signatures of any two of the Clearing Officers. Schedule A may be amended from time to time by the CCO, with the permission of the Chairman of the Audit Committee. In the event of such amendment, the CCO shall promptly provide any forms so amended to all Covered Persons.

**(3) Filing.** A copy of all completed clearance forms, with all required signatures, shall be retained by the CCO.

**(iii) Factors to be Considered in Clearance of Personal Transactions .** The Clearing Officers may refuse to grant clearance of a Prohibited Transaction in their sole discretion without being required to specify any reason for the refusal. Generally, the Clearing Officers will consider the following factors in determining whether or not to clear a proposed transaction: (1) whether the amount or nature of the transaction or person making it is likely to affect the price or market for the Security; (2) whether the individual making the proposed purchase or sale is likely to benefit from purchases or sales being made or being considered by the Company; (3) whether the Security proposed to be purchased or sold is one that would qualify for purchase or sale by the Company; (4) whether the transaction is non-volitional on the part of the individual, such as receipt of a stock dividend, bequest or inheritance; (5) whether potential harm to the Company from the transaction is remote; (6) whether the transaction would be likely to affect a highly institutional market; and (7) whether the transaction is related economically to Securities being considered for purchase or sale (as defined in Section (c)(xiii) of this Policy) by the Company.

**(iv) Exemptions From Pre-Clearance Requirements**

The following transactions are exempt from the pre-clearance provisions of this Policy:

**(1) Not Controlled Securities.** Purchases, sales or other acquisitions or dispositions of Securities for an account over which the Access Person has no direct influence or Control and does not exercise indirect influence or Control;

**(2) Involuntary Transactions.** Involuntary purchases or sales made by a Covered Person or an Access Person;

**(3) DRPs.** Purchases which are part of an automatic dividend reinvestment plan; and

**(4) Rights Offerings.** Purchases or other acquisitions or dispositions resulting from the exercise of rights acquired from an issuer as part of a pro rata distribution to all holders of a class of Securities of such issuer and the sale of such rights.

**(e) Reporting Requirements.**

**(i) Access Persons.**

**(1) Holdings Reports.**

**a. Initial Holdings Report.** Within ten (10) days of becoming an Access Person, each Access Person shall make a written report to the CCO of all Securities in which such Access Person holds a direct or indirect Beneficial Interest. Access Persons need not report any such Securities that are exempt under subsection (i)(1)(d) of this Section (e). The initial holdings report shall be made on the form provided for such purpose by the CCO. In lieu of reporting individual Securities on such form, each Access Person may submit to the CCO duplicate brokerage statements that contain all such information. Each initial holdings report, including any duplicate brokerage statements submitted, must be current as of a date no more than forty-five (45) days prior to the date that the reporting person became an Access Person.

**b. Annual Holdings Reports.** No later than February 13th of each year, each Access Person shall make a written report to the CCO of all Securities in which such Access Person holds a direct or indirect Beneficial Interest. Access Persons need not report any such Securities that are exempt under subsection (i)(1)(d) of this Section (e). The annual holdings report shall be made on the form provided for such purpose by the CCO. In lieu of reporting individual Securities on such form, each Access Person may submit to the CCO duplicate brokerage statements that contain all such information with respect to the relevant time period. Each annual holdings report, including any duplicate brokerage statements submitted, must be current as of a date no later than December 31st of the prior year.

**c. Contents of Holdings Reports.** Holdings reports (or duplicate brokerage statements, if applicable) must contain, at a minimum, the following information with respect to each Security: (i) the title and type of each Security for which an Access Person holds a direct or indirect Beneficial Interest; (ii) for publicly traded Securities, the ticker symbol or CUSIP number for each such Security; (iii) the principal amount of each Security; (iv) the name of any broker, dealer or bank with whom you, or any members of your Immediate Family, maintain an account in which any Securities are held for your direct or indirect benefit; and (v) the date of submission of the report.

**d. Exemptions from Holdings Reports.** The following Securities are not required to be included in holdings reports made by Access Persons:

- i. Securities held in accounts over which an Access Person has no direct or indirect influence or control;
- ii. Direct obligations of the Government of the United States;
- iii. Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements; and
- iv. Shares issued by open-end funds.

**(2) Transaction Reports.**

**a. Quarterly Report.** Within thirty (30) days of the end of each calendar quarter, each Access Person must submit a quarterly report to the CCO, on the form provided for such purpose by the CCO, of all transactions during the calendar quarter in any Securities in which such Access Person has any direct or indirect Beneficial Interest. In lieu of reporting individual Securities on such form, each Access Person may submit to the CCO duplicate brokerage statements that contain all such information for the relevant quarter.

**b. Contents of Transaction Reports.** Quarterly Transaction Reports (or duplicate brokerage statements, if applicable) must contain, at a minimum, the following information with respect to each transaction in a Security: (i) the title and type of each Security involved; (ii) for publicly traded Securities, the ticker symbol or CUSIP number for each such Security; (iii) the number of shares, interest rate, and maturity date and principal amount, as applicable, of each Security involved; (iv) the price of the Security at which the transaction was effected; (v) the name of any broker, dealer or bank through which the transaction was effected; and (vi) the date of submission of the report.

**c. Exemptions from Transaction Reports.** The following transactions are not required to be included in Quarterly transactions reports of Access Persons:

- i. Transactions in Securities over which an Access Person has no direct or indirect influence or control;
- ii. Transactions in Direct obligations of the Government of the United States;
- iii. Transactions in Bankers' acceptances, bank certificates of deposit, commercial paper and high quality short-term debt instruments, including repurchase agreements;
- iv. Transactions in shares issued by unaffiliated open-end funds; and
- v. Transactions which are part of an automatic dividend reinvestment plan.

**(ii) Non-Access Persons.**

**(1) Annual Transactions Report.** Within 10 days of the end of each calendar year, each Non-Access Person shall make a written report to the CCO of all transactions by which they acquired or disposed of a direct or indirect Beneficial Interest in any Covered Security. In lieu of reporting individual Securities on such report, each Non-Access Person may submit to the CCO duplicate brokerage statements that contain all such information for the relevant time period.

**(2) Form.** Each annual report shall be provided on the form "Annual Securities Transactions Confidential Report of Non-Access Persons" form attached hereto as Schedule B, which form shall set forth the information regarding each transaction requested in the form. Schedule B may be amended from time to time by the CCO, who shall promptly provide any forms so amended to all Non-Access Persons. In lieu of reporting individual Securities on such form, each Non-Access Person may submit to the CCO duplicate brokerage statements that contain all such information for the relevant time period.

**(3) Filing.** A copy of all reports submitted pursuant to this Section (e), with all required signatures, shall be retained by the CCO.

**(iii) Disclaimer.** Any report made by an Access Person or Non-Access Person under this Section (e) may contain a statement that the report is not to be construed as an admission that the person making it has or had any direct or indirect Beneficial Interest in any Security or Covered Security to which the report relates.

**(iv) Responsibility to Report.** It is the responsibility of all Covered Persons to take the initiative to provide each report required to be made by them under this Policy. Any effort by the Company to facilitate the reporting process does not change or alter that responsibility.

**(f) Confidentiality of Transactions**

Until disclosed in a public report to stockholders or to the SEC in the normal course, all information concerning Securities being considered for purchase or sale by the Company shall be kept confidential by all Access Persons and disclosed by them only on a "need to know" basis. It shall be the responsibility of the Compliance Officer to report any inadequacy found by him or her to the Board of Directors of the Company or any committee appointed by the Board of Directors to deal with such information.

**(g) Sanctions**

Any violation of this Policy shall be subject to the imposition of such sanctions by the Company as may be deemed appropriate under the circumstances to achieve the purposes of the Investment Company Act and this Policy, which may include suspension or termination of employment, a letter of censure or restitution of an amount equal to the difference between the price paid or received by the Company and the more advantageous price paid or received by the offending person. Sanctions for violation of this Policy by a director of the Company will be determined by a majority vote of the independent directors of the Company.

**(h) Administration and Construction**

**(i) Administration.** The administration of this Policy shall be the responsibility of the CCO of the Company.

**(ii) Duties.** The duties of the CCO under this Policy include: (1) continuous maintenance of a current list of the names of all Access and Non-Access Persons, with an appropriate description of their title or employment; (2) providing each Covered Person a copy of this Policy and informing them of their duties and obligations hereunder, and assuring that Covered Persons are familiar with applicable requirements of this Policy; (3) supervising the implementation of this Policy and its enforcement by the Company; (4) maintaining or supervising the maintenance of all records and reports required by this Policy; (5) preparing listings of all transactions effected by any Access Person within thirty (30) days of the date on which the same security was held, purchased or sold by the Company; (6) determining whether any particular securities transaction should be exempted pursuant to the provisions of this Policy; (7) issuing either personally or with the assistance of counsel, as may be appropriate, any interpretation of this Policy which may appear consistent with the objectives of the Investment Company Act and this Policy; (8) conducting of such inspections or investigations, including scrutiny of the listings referred to in the preceding subparagraph, as shall reasonably be required to detect and report, with recommendations, any apparent violations of this Policy to the Board of Directors of the Company or any Committee appointed by them to deal with such information; and (9) submitting a quarterly report to the directors of the Company containing a description of any violation and the sanction imposed; transactions which suggest the possibility of a violation of interpretations issued by and any exemptions or waivers found appropriate by the CCO; and any other significant information concerning the appropriateness of this Policy.

**(i) Required Records.**

The Compliance Officer shall maintain and cause to be maintained in an easily accessible place, the following records:

**(i) Code of Ethics and Policies.** Copies of the Code of Ethics into which this Policy has been incorporated, this Policy, and any other codes of ethics or insider trading policies adopted pursuant to the Investment Company Act which have been in effect during the past five (5) years;

**(ii) Violations.** A record of any violation of Rule 17 of the Investment Company Act and of any action taken as a result of such violation;

**(iii) Reports.** A copy of each report made by the CCO within two (2) years from the end of the fiscal year of the Company in which such report or interpretation is made or issued, and for an additional three (3) years in a place which need not be easily accessible; and

**(iv) List.** A list of all persons who are, or within the past five (5) years have been, required to make reports pursuant to the Investment Company Act and any Rule 17 thereof.

**(j) Amendments and Modifications**

This Policy may not be amended or modified except in a written form which is specifically approved by majority vote of the independent directors of the Company.

This Policy was adopted by the Company' Boards of Directors, including the independent directors, on March 22, 2007.

**SCHEDULE A**

**TRIANGLE CAPITAL CORPORATION'S INSIDER TRADING POLICY**

**Request For Permission  
To Engage In Personal Transaction**

I hereby request permission to effect a transaction in securities as indicated below for my own account or other account in which I have a beneficial interest or legal title.

(Use approximate dates and amounts of proposed transactions.)

**PURCHASES AND ACQUISITIONS**

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<b>Date</b>	<b>IPO or Limited Offering</b>	<b>No. of Shares or Principal Amount</b>	<b>Name of Security</b>	<b>Unit Price</b>	<b>Total Price</b>	<b>Broker</b>
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**SALES AND OTHER DISPOSITIONS**

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**Name:** \_\_\_\_\_ **Request Date:** \_\_\_\_\_ **Signature:** \_\_\_\_\_

Permission Granted

Permission Denied

Signature: \_\_\_\_\_  
(Clearing Officer)

Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
(Clearing Officer)

Date: \_\_\_\_\_

Request to Engage in Personal Securities Transaction

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**SCHEDULE B**

**TRIANGLE CAPITAL CORPORATION'S INSIDER TRADING POLICY**

**Annual Securities Transactions  
Confidential Report Of Non-Access Persons**

The following schedule lists all transactions during the year ending December 31, \_\_\_\_ in which I had any direct or indirect Beneficial Interest in any Covered Security. Capitalized terms used in this schedule have the meanings given them in the Insider Trading Policy as adopted by the Board of Directors of the Company. *(If no transactions took place you may write "None").*

**PURCHASES AND ACQUISITIONS**

<u>Date</u>	<u>No. of Shares or Principal Amount</u>	<u>Name of Security</u>	<u>Unit Price</u>	<u>Total Price</u>	<u>Broker</u>

**SALES AND OTHER DISPOSITIONS**


If you wish to disclaim Beneficial Ownership of any of the Covered Securities listed above, please check the statement below and describe the Securities for which you disclaim Beneficial Ownership.

*This report is not to be construed as an admission that the person making it has or had any direct or indirect Beneficial Interest in the following Securities to which this report relates:*

For the year ending \_\_\_\_\_  
Date: \_\_\_\_\_

Name: \_\_\_\_\_  
Signature: \_\_\_\_\_

Quarterly Securities Transactions Report



**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

August 5, 2008

**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

August 5, 2008

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 June 30, 2008 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

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Garland S. Tucker III  
Chief Executive Officer

August 5, 2008

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 June 30, 2008 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

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Steven C. Lilly  
Chief Financial Officer

August 5, 2008