

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form N-2****REGISTRATION STATEMENT****UNDER****THE SECURITIES ACT OF 1933** ☒**Pre-Effective Amendment No.** ☐**Post-Effective Amendment No.** ☐**TRIANGLE CAPITAL CORPORATION***(Exact Name of Registrant as Specified in Charter)***3700 Glenwood Avenue, Suite 530****Raleigh, North Carolina 27612***(Address of Principal Executive Offices)***Registrant's telephone number, including area code:****(919) 719-4770****Garland S. Tucker, III****President and Chief Executive Officer****3700 Glenwood Avenue, Suite 530****Raleigh, North Carolina 27612***(Name and Address of Agent For Service)***Copies to:****John A. Good, Esq.****Bass, Berry & Sims PLC****100 Peabody Place, Suite 900****Memphis, Tennessee 38103-3672****Tel: (901) 543-5901****Fax: (888) 543-4644****Approximate Date of Proposed Public Offering:** From time to time after the effective date of the Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. ☒

It is proposed that this filing will become effective (check appropriate box):

☐ when declared effective pursuant to section 8(c).

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$0.001 par value per share(2)				
Preferred Stock(2)				
Subscription Rights(2)				
Units(2)				
Debt Securities(3)				
Warrants(4)				
Total	\$		\$500,000,000(5)	\$58,050

- (1) Estimated solely for the purpose of calculating the registration fee. Pursuant to Rule 457(o) of the rules and regulations under the Securities Act of 1933, which permits the registration fee to be calculated on the basis of the maximum offering price of all the securities listed, the table does not specify by each class information as to the amount to be registered, proposed maximum offering price per unit or proposed maximum aggregate offering price.
- (2) Subject to Note 5 below, there is being registered hereunder an indeterminate principal amount of common stock, preferred stock, subscription rights or units as may be sold, from time to time.
- (3) Subject to Note 5 below, there is being registered hereunder an indeterminate principal amount of debt securities as may be sold, from time to time. If any debt securities are issued at an original issue discount, then the offering price shall be in such greater principal amount as shall result in an aggregate price to investors not to exceed \$500,000,000.
- (4) Subject to Note 5 below, there is being registered hereunder an indeterminate principal amount of warrants as may be sold, from time to time, representing rights to purchase common stock, preferred stock or debt securities.
- (5) In no event will the aggregate offering price of all securities issued from time to time pursuant to this registration statement exceed \$500,000,000.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

**Subject to Completion, dated June 27, 2011**

**PROSPECTUS**

**\$500,000,000**



**Common Stock  
Preferred Stock  
Warrants  
Subscription Rights  
Debt Securities  
Units**

We may offer, from time to time, in one or more offerings or series, together or separately, up to \$500,000,000 of our common stock, preferred stock, warrants representing rights to purchase shares of our common stock, preferred stock or debt securities, subscription rights, debt securities, or units, which we refer to, collectively, as the "securities." We may sell our common stock through underwriters or dealers, "at-the-market" to or through a market maker into an existing trading market or otherwise directly to one or more purchasers or through agents or through a combination of methods of sale. The identities of such underwriters, dealers, market makers or agents, as the case may be, will be described in one or more supplements to this prospectus. The securities may be offered at prices and on terms to be described in one or more supplements to this prospectus.

We may offer shares of common stock at a discount to net asset value per share in certain circumstances. On June 13, 2011, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual stockholders meeting. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. In addition, continuous sales of common stock below net asset value may have a negative impact on total returns and could have a negative impact on the market price of our shares of common stock. See "Risk Factors" on page 20 and "Sales of Common Stock Below Net Asset Value" on page 120 of this prospectus for more information.

Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so. Shares of closed-end investment companies such as us frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our common stock.

Our securities may be offered directly to one or more purchasers through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will identify any agents or underwriters involved in the sale of our securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any of our securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such securities, which must be delivered to each purchaser at, or prior to, the earlier of delivery of a confirmation of sale or delivery of the securities.

We are a specialty finance company that provides customized financing solutions to lower middle market companies located throughout the United States. Our goal is to be the premier provider of capital to these companies. Our investment objective is to seek attractive returns by generating current income from our debt investments and capital appreciation from our equity related investments. We are an internally managed, closed-end, non-diversified management investment company that has elected to be treated as a business development company under the Investment Company Act of 1940.

Our common stock is listed on the New York Stock Exchange under the symbol "TCAP." On June 24, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$18.75 per share.

**Investing in our securities is speculative and involves numerous risks, and you could lose your entire investment if any of the risks occurs. Among these risks is the risk associated with leverage and dilution. For more information regarding these risks, please see "[Risk Factors](#)" beginning on page 20.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**This prospectus may not be used to consummate sales of securities unless accompanied by a prospectus supplement.**

Please read this prospectus and the accompanying prospectus supplement, if any, before investing, and keep it for future reference. It concisely sets forth important information about us that a prospective investor ought to know before investing in our securities. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612, or by telephone at (919) 719-4770 or on our website at [www.tcap.com](http://www.tcap.com). Information contained on our website is not incorporated by reference into this prospectus, and you should not consider that information to be part of this prospectus. The Securities and Exchange Commission also maintains a website at [www.sec.gov](http://www.sec.gov) that contains such information.

The date of this prospectus is \_\_\_\_\_, 2011.

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### ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we have filed with the Securities and Exchange Commission, or SEC, using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time, up to \$500,000,000 worth of our common stock; preferred stock; warrants representing rights to purchase shares of our common stock, preferred stock or debt securities; subscription rights; debt securities; or units on terms to be determined at the time of the offering. This prospectus provides you with a general description of the securities that we may offer. Each time we use this prospectus to offer securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any accompanying prospectus supplement together with the additional information described under "Available Information" and "Risk Factors" before you make an investment decision.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus or any accompanying supplement to this prospectus. You must not rely on any unauthorized information or representations not contained in this prospectus or any accompanying prospectus supplement as if we had authorized it. This prospectus and any accompanying prospectus supplement do not constitute an offer to sell or a solicitation of any offer to buy any security other than the registered securities to which they relate, nor do they constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The information contained in this prospectus and any accompanying prospectus supplement is accurate as of the dates on their covers.

## PROSPECTUS SUMMARY

*This summary highlights some of the information in this prospectus. It is not complete and may not contain all of the information that you may want to consider. You should read the entire prospectus and any prospectus supplement carefully, including "Risk Factors," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements contained elsewhere in this prospectus.*

*Triangle Capital Corporation is a Maryland corporation incorporated on October 10, 2006, for the purpose of acquiring Triangle Mezzanine Fund LLLP, or Triangle SBIC, and its general partner, Triangle Mezzanine LLC, or TML, raising capital in its initial public offering, or IPO, which closed on February 21, 2007 and, thereafter, operating as an internally managed business development company, or BDC, under the Investment Company Act of 1940, or the 1940 Act. Triangle SBIC is licensed as a small business investment company, or SBIC, by the United States Small Business Administration, or SBA. Simultaneously with the consummation of our IPO, we acquired all of the equity interests in Triangle SBIC and TML as described elsewhere in this prospectus under "Formation Transactions," whereby Triangle SBIC became our wholly owned subsidiary. Triangle Mezzanine Fund II LP, or Triangle SBIC II, is a recently formed, wholly owned subsidiary of Triangle Capital Corporation that is licensed by the SBA to operate as an SBIC. Unless otherwise noted in this prospectus or any accompanying prospectus supplement, the terms "we," "us," "our," the "Company" and "Triangle" refer to Triangle SBIC prior to the IPO and to Triangle Capital Corporation and its subsidiaries, including Triangle SBIC and Triangle SBIC II, currently existing.*

### Triangle Capital Corporation

Triangle Capital Corporation is a specialty finance company that provides customized financing to lower middle market companies located throughout the United States. Our goal is to be the premier provider of capital to these companies. Our investment objective is to seek attractive returns by generating current income from our debt investments and capital appreciation from our equity related investments. Our investment philosophy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest primarily in subordinated debt securities secured by second lien security interests in portfolio company assets, coupled with equity interests. On a more limited basis, we also invest in senior debt securities secured by first lien security interests in portfolio companies.

We focus on investments in companies with a history of generating revenues and positive cash flow, 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 \$100.0 million and annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between \$3.0 and \$20.0 million. We believe that these companies have less access to capital and that the market for such capital is underserved relative to larger companies. Companies of this size are generally privately held and are less well known to traditional capital sources such as commercial and investment banks.

Our investments generally range from \$5.0 to \$15.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments. We are continuing to operate Triangle SBIC and Triangle SBIC II as SBICs and to utilize the proceeds of the sale of SBA guaranteed debentures, referred to herein as SBA leverage, to enhance returns to our stockholders. As of March 31, 2011, we had investments in 53 portfolio companies, with an aggregate cost of \$377.4 million.

Our principal executive offices are located at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612, and our telephone number is 919-719-4770. We maintain a website on the Internet at [www.tcap.com](http://www.tcap.com). Information contained on our website is not incorporated by reference into this prospectus or any prospectus supplement, and you should not consider that information to be part of this prospectus.

## Our Business Strategy

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

- *Focusing on Underserved Markets.* We believe that broad-based consolidation in the financial services industry coupled with operating margin and growth pressures have caused financial institutions to de-emphasize services to lower middle market companies in favor of larger corporate clients and capital market transactions. We believe these dynamics have resulted in the financing market for lower middle market companies to be underserved, providing us with greater investment opportunities.
- *Providing Customized Financing Solutions.* We offer a variety of financing structures and have the flexibility to structure our investments to meet the needs of our portfolio companies. Typically we invest in subordinated debt securities, coupled with equity interests. We believe our ability to customize financing arrangements makes us an attractive partner to lower middle market companies.
- *Leveraging the Experience of Our Management Team.* Our senior management team has extensive experience advising, investing in, lending to and operating companies across changing market cycles. The members of our management team have diverse investment backgrounds, with prior experience at investment banks, commercial banks, and privately and publicly held companies in the capacity of executive officers. We believe this diverse experience provides us with an in depth understanding of the strategic, financial and operational opportunities associated with lower middle market companies. We believe this understanding allows us to select and structure better investments and to efficiently monitor and provide managerial assistance to our portfolio companies.
- *Applying Rigorous Underwriting Policies and Active Portfolio Management.* Our senior management team has implemented rigorous underwriting policies that are followed in each transaction. These policies include a thorough analysis of each potential portfolio company's competitive position, financial performance, management team operating discipline, growth potential and industry attractiveness, which we believe allows us to better assess the company's prospects. After investing in a company, we monitor the investment closely, typically receiving monthly, quarterly and annual financial statements. We analyze and discuss in detail the company's financial performance with management in addition to participating in regular meetings of the board of directors. We believe that our initial and ongoing portfolio review process allows us to monitor effectively the performance and prospects of our portfolio companies.
- *Taking Advantage of Low Cost Debentures Guaranteed by the SBA.* The licenses of Triangle SBIC and Triangle SBIC II to do business as SBICs allow them (subject to availability and continued regulatory compliance) to issue fixed-rate, low interest debentures which are guaranteed by the SBA and sold in the capital markets, potentially allowing us to increase our net interest income beyond the levels achievable by other BDCs utilizing traditional leverage.
- *Maintaining Portfolio Diversification.* While we focus our investments in lower middle market companies, we seek to invest across various industries. We monitor our investment portfolio to ensure we have acceptable industry balance, using industry and market metrics as key indicators. By monitoring our investment portfolio for industry balance we seek to reduce the effects of economic downturns associated with any particular industry or market sector. However, we may from time to time hold securities of a single portfolio company that comprise more than 5.0% of our total assets and/or more than 10.0% of the outstanding voting securities of the portfolio company. For that reason, we are classified as a non-diversified management investment company under the 1940 Act.
- *Utilizing Long-Standing Relationships to Source Deals.* Our senior management team maintains extensive relationships with entrepreneurs, financial sponsors, attorneys, accountants, investment bankers, commercial bankers and other non-bank providers of capital who refer prospective portfolio companies to us. These relationships historically have generated significant investment opportunities. We believe that our network of relationships will continue to produce attractive investment opportunities.

## **Risk Factors**

Investing in our securities involves a high degree of risk. You should consider carefully the information found in "Risk Factors," including the following risks:

- Deterioration in the economy and financial markets increases the likelihood of adverse effects on our financial position and results of operations. Such economic adversity could impair our portfolio companies' financial positions and operating results and affect the industries in which we invest, which could, in turn, harm our operating results.
- Our investment portfolio is and will continue to be recorded at fair value, with our Board of Directors having final responsibility for overseeing, reviewing and approving, in good faith, our estimate of fair value and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments.
- Our financial condition and results of operations depends on our ability to effectively manage and deploy capital.
- We may face increasing competition for investment opportunities.
- Regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.
- Triangle SBIC and Triangle SBIC II are licensed by the SBA, and therefore subject to SBA regulations.
- Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.
- We, through Triangle SBIC and Triangle SBIC II, issue debt securities guaranteed by the SBA and sold in the capital markets. As a result of its guarantee of the debt securities, the SBA has fixed dollar claims on the assets of Triangle SBIC and Triangle SBIC II that are superior to the claims of our stockholders.
- We will be subject to corporate level income tax if we are unable to qualify as a RIC under Subchapter M of the Code.
- We may not be able to pay you dividends, our dividends may not grow over time, and a portion of dividends paid to you may be a return of capital.
- Because we intend to continue to distribute substantially all of our income to our stockholders to maintain our status as a RIC, we will continue to need additional capital to finance our growth, and regulations governing our operation as a BDC will affect our ability to, and the way in which we, raise additional capital.
- Stockholders may incur dilution if we sell shares of our common stock in one or more offerings at prices below the then current net asset value per share of our common stock or issue securities to subscribe to, convert to or purchase shares of our common stock.
- Our investments in portfolio companies involve higher levels of risk, and we could lose all or part of our investment. Investing in our portfolio companies involves a number of significant risks. Among other things, these companies:
  - may have limited financial resources and may be unable to meet their obligations under their debt instruments that we hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of us realizing any guarantees from subsidiaries or affiliates of our portfolio companies that we may have obtained in connection with our investment, as well as a corresponding decrease in the value of the equity components of our investments;

- may have shorter operating histories, narrower product lines, smaller market shares and/or significant customer concentrations than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;
  - are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation, termination or significant underperformance of one or more of these persons could have a material adverse impact on our portfolio company and, in turn, on us;
  - generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
  - generally have less publicly available information about their businesses, operations and financial condition. We are required to rely on the ability of our management team and investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and may lose all or part of our investment.
- Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.
  - 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.
  - Shares of closed-end investment companies, including BDCs, may trade at a discount to their net asset value.
  - We may be unable to invest a significant portion of the net proceeds from an offering or from exiting an investment or other capital on acceptable terms, which could harm our financial condition and operating results.
  - The market price of our securities may be volatile and fluctuate significantly.

#### **Our Investment Criteria**

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

- *Established Companies With Positive Cash Flow.* We seek to invest in established companies with a history of generating revenues and positive cash flows. We typically focus on companies with a history of profitability and minimum trailing twelve month EBITDA of \$3.0 million. We generally do not invest in start-up companies, distressed situations, "turn-around" situations or companies that we believe have unproven business plans.
- *Experienced Management Teams With Meaningful Equity Ownership.* Based on our prior investment experience, we believe that a management team with significant experience with a portfolio company or relevant industry experience and meaningful equity ownership is more committed to a portfolio company. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.

- **Strong Competitive Position.** We seek to invest in companies that have developed strong positions within their respective markets, are well positioned to capitalize on growth opportunities and compete in industries with barriers to entry. We also seek to invest in companies that exhibit a competitive advantage, which may help to protect their market position and profitability.
- **Varied Customer and Supplier Base.** We prefer to invest in companies that have a varied customer and supplier base. Companies with a varied customer and supplier base are generally better able to endure economic downturns, industry consolidation and shifting customer preferences.
- **Significant Invested Capital.** We believe the existence of significant underlying equity value provides important support to investments. We will look for portfolio companies that we believe have sufficient value beyond the layer of the capital structure in which we invest.

See "Business — Our Investment Criteria" for a more complete discussion of our investment criteria.

## Our Investment Portfolio

As of March 31, 2011, we had investments in 53 portfolio companies with an aggregate cost of approximately \$377.4 million. As of March 31, 2011, we had no investments that represented more than 10% of the total fair value of our investment portfolio. As of March 31, 2011, the weighted average yield on our outstanding debt investments other than non-accrual debt investments (including payment-in-kind, or PIK, interest) was approximately 15.2%. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 13.9% as of March 31, 2011. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 13.3% as of March 31, 2011. There is no assurance that the portfolio yields will remain at these levels after the offering. The following table sets forth certain audited information as of March 31, 2011 for each portfolio company in which we had a debt or equity investment.

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value (3)
<b><u>Non-Control / Non-Affiliate Investments:</u></b>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (2%)* 620 West Baldwin Road Panama City, FL 32405	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13)	\$ 4,195,389	\$ 4,160,551	\$4,160,551
		Common Stock-PHM (128,571 shares)		128,571	128,571
		Common Stock Warrants-AA (455 shares)		142,361	1,306,000
			4,195,389	4,431,483	5,595,122
Ann's House of Nuts, Inc. (4%)* 1 Market Plaza 24th Floor San Francisco, CA 94105	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17)	7,027,416	6,631,493	6,631,493
		Preferred A Units (22,368 units)		2,124,957	2,124,957
		Preferred B Units (10,380 units)		986,059	986,059
		Common Units (190,935 units)		150,000	150,000
		Common Stock Warrants (14,558 shares)		14,558	14,558
			7,027,416	9,907,067	9,907,067
Assurance Operations Corporation (0%)* 9341 Highway 43 Killen, AL 35645	Metal Fabrication	Common Stock (517 Shares)		516,867	523,400
				516,867	523,400
Botanical Laboratories, Inc. (4%)* 1441 West Smith Road Ferndale, WA 98248	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, 1% PIK, Due 02/15)	10,429,678	9,802,439	9,802,439
		Common Unit Warrants (998,680)		474,600	—
			10,429,678	10,277,039	9,802,439



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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value (3)
Capital Contractors, Inc. (4%)* 88 Duryea Rd. Melville, NY 11747	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) Common Stock Warrants (20 shares)	\$ 9,046,079	\$ 8,399,088	\$ 8,399,088
			9,046,079	492,000	492,000
				8,891,088	8,891,088
Carolina Beer and Beverage, LLC (5%)* 110 Barley Park Lane Mooresville, NC 28115	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash , 4% PIK, Due 02/16) Class A Units (11,974 Units) Class B Units (11,974 Units)	12,993,885	12,760,206	12,760,206
				1,077,615	799,400
				119,735	—
			12,993,885	13,957,556	13,559,606
CRS Reprocessing, LLC (9%)* 13551 Triton Park Blvd. Louisville, KY 40223	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15) Subordinated Note (10% Cash, 4% PIK, Due 11/15) Common Unit Warrant (508 Units)	11,185,210	10,783,135	10,783,135
			10,685,609	9,729,313	9,729,313
				1,078,456	1,412,500
			21,870,819	21,590,904	21,924,948
CV Holdings, LLC (5%)* 1030 Riverfront Center Amsterdam, NY 12010	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Royalty rights	11,802,569	11,209,482	11,209,482
				874,400	730,000
			11,802,569	12,083,882	11,939,482
DLR Restaurants, LLC (4%)* 611 Commerce St, Suite 2911 Nashville, TN 37203	Restaurant	Subordinated Note (12% Cash, 2% PIK, Due 03/16) Royalty rights	9,010,500	8,770,500	8,770,500
			9,010,500	—	—
				8,770,500	8,770,500
Electronic Systems Protection, Inc. (2%)* 517 North Industrial Drive Zebulon, NC 27577	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	3,199,721	3,179,312	3,179,312
			828,035	828,035	828,035
				285,000	147,000
			4,027,756	4,292,347	4,154,347
Energy Hardware Holdings, LLC (0%)* 2730 E. Phillips Road Greer, SC 29650	Machined Parts Distribution	Voting Units (4,833 units)		4,833	1,011,800
				4,833	1,011,800
Frozen Specialties, Inc. (3%)* 1465 Timberwolf Dr. Holland, OH 43258	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	8,161,657	8,053,672	8,053,672
			8,161,657	8,053,672	8,053,672
Garden Fresh Restaurant Corp. (0%)* 15822 Bernardo Center Drive San Diego, CA 92127	Restaurant	Membership Units (5,000 units)		500,000	735,800
				500,000	735,800
Great Expressions Group Holdings, LLC (0%)* 300 E. Long Lake Rd. Bloomfield Hills, MI 48304	Dental Practice Management	Class A Units (225 Units)		450,000	639,600
				450,000	639,600
Grindmaster-Cecilware Corp. (2%)* 43-05 20th Ave Long Island City, NY 11105	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	6,062,732	5,972,635	5,972,635
			6,062,732	5,972,635	5,972,635
Hatch Chile Co., LLC (2%)* 2003 S. Commercial Dr. Brunswick, GA 31525	Food Products Distributor	Senior Note (19% Cash, Due 07/15) Subordinated Note (14% Cash, Due 07/15) Unit Purchase Warrant (5,265 Units)	4,500,000	4,398,485	4,398,485
			1,000,000	844,400	844,400
				149,800	131,000
			5,500,000	5,392,685	5,373,885

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Home Physicians, LLC ("HP") and Home Physicians Holdings, LP ("HPH") (5%)* 2003 W. Fulton St., #3 Chicago, IL 60612	In-home primary care physician services	Subordinated Note-HP (12% Cash, 5% PIK, Due 03/16)	\$ 10,255,695	\$ 10,030,695	\$ 10,030,695
		Subordinated Note-HPH (4% Cash, 6% PIK, Due 03/16)	1,226,429	1,226,429	1,226,429
		Royalty rights	—	—	—
			11,482,124	11,257,124	11,257,124
Infrastructure Corporation of America, Inc. (4%)* 5110 Maryland Way Suite 280 Brentwood, TN 37207	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15)	10,796,065	9,641,655	9,641,655
		Common Stock Purchase Warrant (199,526 shares)	—	980,000	980,000
			10,796,065	10,621,655	10,621,655
Inland Pipe Rehabilitation Holding Company LLC (7%)* 350 N. Old Woodward, Ste. 100 Birmingham, MI 48009	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	8,274,920	7,653,008	7,653,008
		Subordinated Note (18% Cash, Due 01/14)	3,905,108	3,878,922	3,878,922
		Subordinated Note (15% Cash, Due 01/14)	306,302	306,302	306,302
		Subordinated Note (15.3% Cash, Due 01/14)	3,500,000	3,467,128	3,467,128
		Membership Interest Purchase Warrant (3.0%)	—	853,500	2,310,000
			15,986,330	16,158,860	17,615,360
Library Systems & Services, LLC (2%)* 12850 Middlebrook Road Germantown, MD 20874	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15)	5,309,063	5,169,473	5,169,473
		Common Stock Warrants (112 shares)	—	58,995	525,000
			5,309,063	5,228,468	5,694,473
McKenzie Sports Products, LLC (2%)* 1910 St. Luke's Church Road Salisbury, NC 28146	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,025,694	5,911,165	5,911,165
			6,025,694	5,911,165	5,911,165
Media Temple, Inc. (5%)* 8520 National Blvd., Building A Culver City, CA 90232	Web Hosting Services	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	8,800,000	8,632,828	8,632,828
		Convertible Note (8% Cash, 6% PIK, Due 04/15)	3,200,000	2,695,136	2,695,136
		Common Stock Purchase Warrant (28,000 Shares)	—	536,000	536,000
			12,000,000	11,863,964	11,863,964
Minco Technology Labs, LLC (2%)* 1805 Rutherford Lane Austin, TX 78754	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16)	5,143,671	5,029,574	5,029,574
		Class A Units (5,000 Units)	—	500,000	254,600
			5,143,671	5,529,574	5,284,174
National Investment Managers Inc. (5%)* 485 Metro Place South Suite 275 Dublin, OH 43017	Retirement Plan Administrator	Subordinated Note (11% Cash, 5% PIK, Due 09/16)	11,267,188	10,985,938	10,985,938
		Preferred A Units (90,000 Units)	—	900,000	900,000
		Common Units (10,000 Units)	—	100,000	100,000
			11,267,188	11,985,938	11,985,938

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value (3)
Novolyte Technologies, Inc. (4%)* 111 West Irene Road Zachory, LA 70791	Specialty Manufacturing	Subordinated Note (12% Cash, 4% PIK, Due 07/16)	\$ 7,046,667	\$ 6,911,251	\$ 6,911,251
		Subordinated Note (12% Cash, 4% PIK, Due 07/16)	2,265,000	2,221,474	2,221,474
		Preferred Units (641 units)		661,227	664,600
		Common Units (24,522 units)		165,306	370,200
			9,311,667	9,959,258	10,167,525
Pomeroy IT Solutions (4%)* 1020 Petersburg Rd. Hebron, KY 41048	Information Technology Outsourcing Services	Subordinated Notes (13% Cash, 2% PIK, Due 02/16)	10,027,222	9,770,229	9,770,229
			10,027,222	9,770,229	9,770,229
SRC, Inc. (4%)* 950 3rd Ave., 19th Floor New York, NY 10022	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14)	9,046,078	8,757,574	8,757,574
		Common Stock Purchase Warrants		123,800	123,800
			9,046,078	8,881,374	8,881,374
Syrgis Holdings, Inc. (2%)* 1025 Mary Laidley Drive Covington, KY 41017	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	2,730,518	2,717,342	2,717,342
		Class C Units (2,114 units)		1,000,000	1,264,000
			2,730,518	3,717,342	3,981,342
TBG Anesthesia Management, LLC (4%)* 1770 1st St., Suite 703 Highland Park, IL 60035	Physician Management Services	Senior Note (13.5% Cash, Due 11/14)	11,000,000	10,632,294	10,632,294
		Warrant (263 shares)		276,100	226,200
			11,000,000	10,908,394	10,858,494
Top Knobs USA, Inc. (4%)* 7701 Forsyth Blvd., Suite 600 St. Louis, MO 63105	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17)	10,019,345	9,831,398	9,831,398
		Common Stock (26,593 shares)		750,000	750,000
			10,019,345	10,581,398	10,581,398
TrustHouse Services Group, Inc. (2%)* 21 Armory Drive Wheeling, WV 26003	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	4,462,746	4,406,514	4,406,514
		Class A Units (1,495 units)		475,000	556,300
		Class B Units (79 units)		25,000	—
			4,462,746	4,906,514	4,962,814
Tulsa Inspection Resources, Inc. (2%)* 4111 S. Darlington Ave, Suite 1000 Tulsa, OK 74135,	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14)	5,810,588	5,510,596	5,510,596
		Common Unit (1 unit)		200,000	—
		Common Stock Warrants (8 shares)		321,000	—
			5,810,588	6,031,596	5,510,596
Twin-Star International, Inc. (2%)* 115 S.E. 4th Avenue Delray Beach, FL 33483	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14)	4,500,000	4,465,584	4,465,584
		Senior Note (4.3%, Due 04/13)	1,059,996	1,059,996	1,059,996
			5,559,996	5,525,580	5,525,580
Wholesale Floors, Inc. (1%)* 8855 N. Black Canyon Highway Phoenix, AZ 85021	Commercial Services	Subordinated Note (12.5% Cash, 3.5% PIK, Due 06/14)	3,811,639	3,416,190	3,057,400
		Membership Interest Purchase Warrant (4.0%)		132,800	—
			3,811,639	3,548,990	3,057,400

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Yellowstone Landscape Group, Inc. (5%)* 220 Elm Street New Canaan, CT 06840	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	\$ 12,532,129	\$ 12,355,520	\$ 12,355,520
			12,532,129	12,355,520	12,355,520
Zoom Systems (3%)* 22 Fourth Street., Floor 16 San Francisco, CA 94103	Retail Kiosk Operator	Subordinated Note (12.5% Cash, 1.5% PIK, Due 12/14) Royalty rights	8,155,730	7,994,845	7,994,845
			8,155,730	7,994,845	7,994,845
<b>Subtotal Non-Control / Non-Affiliate Investments</b>			<b>280,606,273</b>	<b>287,830,346</b>	<b>290,736,361</b>
<b><u>Affiliate Investments:</u></b>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)* 1945 S. Tubeway Ave. Commerce, CA 90040	Wholesale and Distribution	Subordinated Note (5% PIK, Due 10/13) Membership Units (6,516 Units)	5,613,162	5,167,911	3,985,700
			5,613,162	5,517,911	3,985,700
AP Services, Inc. (3%)* 203 Armstrong Dr. Freeport, PA 16229	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (933 units) Class B Units (496 units)	5,864,100	5,756,863	5,756,863
				933,333	976,000
				—	79,000
			5,864,100	6,690,196	6,811,863
Asset Point, LLC (2%)* 770 Pelham Road, Suite 200 Greenville, SC 29615	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13) Senior Note (12% Cash, 2% PIK, Due 07/15) Options to Purchase Membership Units (342,407 units) Membership Unit Warrants (356,506 units)	5,828,514	5,781,329	5,506,899
			608,216	608,216	491,400
				500,000	—
				—	—
			6,436,730	6,889,545	5,998,299
Axxiom Manufacturing, Inc. (0%)* 11927 South Highway 6 Fresno, TX 77545	Industrial Equipment Manufacturer	Common Stock (136,400 shares)  Common Stock Warrant (4,000 shares)		200,000	966,000
				—	28,300
				200,000	994,300
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street") (4) (2%)* 808 N. Ruth Street Monahans, TX 79756	Oil and Gas Services	Subordinated Note-Brantley Transportation (14% Cash, 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	3,745,701	3,745,701
				33,600	—
				200,000	—
				—	—
			3,800,000	3,979,301	3,745,701
Captek Softgel International, Inc. (3%)* 16218 Arthur St. Cerritos, CA 90703	Nutraceutical Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 08/16) Class A Units (80,000 units)	8,028,445	7,868,445	7,868,445
				800,000	800,000
			8,028,445	8,668,445	8,668,445
Dyson Corporation (1%)* 53 Freedom Road Painesville, OH 44077	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	2,707,000
				1,000,000	2,707,000

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Equisales, LLC (2%)* 13811 Cullen Blvd. Houston, TX 77047	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12) Class A Units (500,000 units)	\$ 3,031,333	\$ 2,998,853	\$ 2,998,853
			3,031,333	480,900	870,000
				3,479,753	3,868,853
Plantation Products, LLC (6%)* 202 S. Washington St. Norton, MA 02766	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16) Preferred Units (1,127 units) Common Units (92,000 units)	14,691,125	14,340,163	14,340,163
				1,127,000	1,127,000
				23,000	23,000
			14,691,125	15,490,163	15,490,163
QC Holdings, Inc. (0%)* 1205 Industrial Blvd. Southampton, PA 18966	Lab Testing Services	Common Stock (5,594 shares)		563,602	477,000
				563,602	477,000
Technology Crops International (2%)* 7996 North Point Blvd. Winston-Salem NC 27106	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,400,543	5,321,724	5,321,724
				500,000	350,800
			5,400,543	5,821,724	5,672,524
Waste Recyclers Holdings, LLC (2%)* 261 Highway 20 East, Suites A, B & D Freeport, FL 32439	Environmental and Facilities Services	Class A Preferred Units (280 Units) Class B Preferred Units (985,372 Units) Class C Preferred Units (1,444,475 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)		2,251,100	—
				3,304,218	3,529,000
				1,499,531	1,490,000
				748,900	—
				180,783	—
				7,984,532	5,019,000
<b>Subtotal Affiliate Investments</b>			<b>52,865,438</b>	<b>66,285,172</b>	<b>63,438,848</b>
<b>Control Investments:</b>					
FCL Graphics, Inc. (1%)* 4600 North Olcott Avenue Harwood Heights, IL 60706	Commercial Printing Services	Senior Note (3.8% Cash, 2% PIK, Due 9/11) Senior Note (7.8% Cash, 2% PIK, Due 9/11) 2nd Lien Note (2.8% Cash, 8% PIK, Due 12/11) Preferred Shares (35,000 shares) Common Shares (4,000 shares) Members Interests (3,839 Units)	1,499,343	1,497,269	1,497,269
			2,055,472	2,051,807	1,049,232
			3,540,146	2,996,826	—
				—	—
				—	—
				—	—
			7,094,961	6,545,902	2,546,501
Fire Sprinkler Systems, Inc. (0%)* 705 E. Harrison Street, Suite 200 Corona, CA 92879	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/12) Common Stock (2,978 shares)	3,231,336	2,780,028	750,000
				294,624	—
			3,231,336	3,074,652	750,000

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value (3)
Fischbein, LLC (9%)* 151 Walker Road Statesville, NC 28625	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 3.5% PIK, Due 05/13)	\$	\$	\$ 4,314,072
			\$ 4,383,708	4,314,072	
		Class A-1 Common Units (558,140 units)		558,140	2,544,000
		Class A Common Units (4,200,000 units)		4,200,000	16,286,000
			4,383,708	9,072,212	23,144,072
Gerli & Company (1%)* 75 Stark Street Plains, PA 18705	Specialty Woven Fabrics Manufacturer	Subordinated Note (8.5% Cash, Due 03/15)	3,000,000	3,000,000	2,318,100
		Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11)	138,369	120,000	120,000
		Royalty rights Common Stock Warrants (56,559 shares)		83,414	—
		Class E Preferred Shares (400 shares)		161,440	—
		Common Stock (300 shares)		100,000	—
			3,138,369	3,464,854	2,550,200
Weave Textiles, LLC (0%)* 3700 Glenwood Avenue, Suite 530 Raleigh, North Carolina, 27612	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11)	319,648	319,648	319,648
		Membership Units (425 units)		855,000	701,000
			319,648	1,174,648	1,020,648
Subtotal Control Investments			18,168,022	23,332,268	30,011,421
Total Investments, March 31, 2011(154%)*			\$ 351,639,733	\$ 377,447,786	\$ 384,186,630

\* Value as a percent of net assets

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

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

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

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

## **Regulation**

We are a closed-end, non-diversified management investment company that has elected to be treated as a BDC under the 1940 Act. In addition, Triangle SBIC has elected to be treated as a BDC. We are internally managed by our executive officers under the supervision of our Board of Directors. As a result, we do not pay any external investment advisory fees, but instead we incur the operating costs associated with employing investment and portfolio management professionals.

As a BDC, we are required to comply with numerous regulatory requirements. We are permitted to, and expect to, finance our investments using debt and equity. However, our ability to use debt is limited in certain significant respects. See “Regulation.” Commencing with our taxable year ended December 31, 2007, we have qualified and elected to be treated for U.S. federal income tax purposes as a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended, or the Code. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders out of our current and accumulated earnings and profits. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any. See “Material U.S. Federal Income Tax Considerations.”

## **The Offering**

We may offer, from time to time, up to \$500,000,000 worth of our securities, on terms to be determined at the time of the offering. Our securities may be offered at prices and on terms to be disclosed in one or more prospectus supplements.

We may offer shares of common stock at a discount to net asset value per share at prices approximating market value less selling expenses upon approval of our Board of Directors, including a majority of our independent directors, in certain circumstances. On June 13, 2011, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual stockholders meeting. See "Sales of Common Stock Below Net Asset Value" in this prospectus and in the prospectus supplement, if applicable. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share.

Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interest to do so.

Our securities may be offered directly to one or more purchasers by us or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to the offering will disclose the terms of the offering, including the name or names of any agents or underwriters involved in the sale of our securities by us, the purchase price, and any fee, commission or discount arrangement between us and our agents or underwriters or among our underwriters or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any of our securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of our securities.



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Set forth below is additional information regarding the offering of our securities:

New York Stock Exchange symbol	"TCAP"
Use of proceeds	We intend to use the net proceeds from selling our securities to make investments in lower middle market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes.
Dividends and distributions	<p>We pay quarterly dividends to our stockholders out of assets legally available for distribution. Our dividends, if any, will be determined by our Board of Directors. Our ability to declare dividends depends on our earnings, our overall financial condition (including our liquidity position), maintenance of our RIC status and such other factors as our Board of Directors may deem relevant from time to time.</p> <p>When we make distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings, recognized capital gains or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal tax purposes. In the future, our distributions may include a return of capital.</p>
Taxation	We have elected to be treated as a RIC. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.
Dividend reinvestment plan	We have a dividend reinvestment plan for our stockholders. The dividend reinvestment plan is an "opt out" dividend reinvestment plan. As a result, if we declare a dividend, then stockholders' cash dividends will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash dividends. Stockholders who receive distributions in the form of stock will be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See "Dividend Reinvestment Plan."
Trading at a discount	Shares of closed-end investment companies frequently trade at a discount to their net asset value. This risk is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade above, at or below net asset value.
Sales of common stock below net asset value	The offering price per share of our common stock exclusive of any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make the offering except (1) in connection with a rights offering to our existing stockholders, (2) with the consent of the majority of our common

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	<p>stockholders and approval of our board of directors, or (3) under such circumstances as the Securities and Exchange Commission, or the SEC, may permit. On June 13, 2011, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or our 2012 Annual Meeting of Stockholders. Sales by us of our common stock at a discount from our net asset value pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering. See “Sales of Common Stock Below Net Asset Value” in this prospectus and in the prospectus supplement, if applicable.</p>
Leverage	<p>We borrow funds to make additional investments. We use this practice, which is known as “leverage,” to attempt to increase returns to our stockholders, but it involves significant risks. See “Risk Factors,” “Senior Securities” and “Regulation — Senior Securities.” With certain limited exceptions, we are only allowed to borrow amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such borrowing. The amount of leverage that we employ at any particular time will depend on our investment committee’s and our board of directors’ assessments of market and other factors at the time of any proposed borrowing. In addition, the maximum amount of leverage that our SBIC subsidiaries can have outstanding is \$225 million.</p>
Available information	<p>We are required to file periodic reports, current reports, proxy statements and other information with the SEC. This information is available on the SEC’s Internet website at <a href="http://www.sec.gov">www.sec.gov</a>. You can also inspect any materials we file with the SEC, without charge, at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. We intend to provide much of the same information on our website at <a href="http://www.tcap.com">www.tcap.com</a>. Information contained on our website is not part of this prospectus or any prospectus supplement and should not be relied upon as such.</p>

## FEES AND EXPENSES

The following table is intended to assist you in understanding our consolidated costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by “you,” “us” or “Triangle,” or that “we” will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

### **Stockholder Transaction Expenses:**

Sales load (as a percentage of offering price)	—(1)
Offering expenses	—(2)
Dividend reinvestment plan expenses	—(3)
Total stockholder transaction expenses (as a percentage of offering price)	—(4)

### **Annual Expenses (as a percentage of net assets attributable to common stock):**

Interest payments on borrowed funds	4.24%(5)
Other expenses	4.66%(6)
Total annual expenses	8.90%(7)

- (1) In the event that securities to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the applicable sales load.
- (2) In the event that we conduct an offering of any of our securities, a corresponding prospectus supplement will disclose the estimated offering expenses.
- (3) The expenses of administering our dividend reinvestment plan are included in operating expenses.
- (4) Total stockholder transaction expenses may include sales load and will be disclosed in a future prospectus supplement, if any.
- (5) Interest payments on borrowed funds represent debenture commitments from the SBA to Triangle SBIC and Triangle SBIC II and any borrowings outstanding under our \$90.0 million credit facility.
- (6) Other expenses represent our estimated annual operating expenses, excluding interest payments on borrowed funds. We do not have an investment adviser and are internally managed by our executive officers under the supervision of our Board of Directors. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals.
- (7) The total annual expenses are the sum of interest payments on borrowed funds and other expenses. “Total annual expenses” as a percentage of average net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. The SEC requires that the “Total annual expenses” percentage be calculated as a percentage of average net assets, rather than average total assets, which includes assets that have been funded with borrowed money. If the “Total annual expenses” percentage were calculated instead as a percentage of average total assets, we estimate that our “Total annual expenses” would be approximately 4.29% of average total assets.

### **Example**

The following example is required by the SEC and demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in us. In calculating the following expense amounts, we assumed we would have no additional leverage and that our operating expenses would remain at the levels set forth in the table above. In the event that shares to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will restate this example to reflect the applicable sales load.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5.0% annual return	\$ 91	\$ 263	\$ 420	\$ 761

**The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown.** While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The table above does not reflect additional SBA leverage that we intend to employ in the future. “Other expenses” are based on estimated amounts for the current fiscal year. In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See “Dividend Reinvestment Plan” for additional information regarding our dividend reinvestment plan.

# **SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA**

The selected historical financial and other data below reflects the consolidated operations of Triangle Capital Corporation and its subsidiaries, including Triangle SBIC and Triangle SBIC II. The selected financial data at and for the fiscal years ended December 31, 2006, 2007, 2008, 2009 and 2010 have been derived from our financial statements that have been audited by Ernst & Young LLP, an independent registered public accounting firm. Financial information prior to our initial public offering in 2007 is that of Triangle SBIC, which is Triangle Capital Corporation's predecessor. Interim financial information for the three months ended March 31, 2011 is derived from our unaudited financial statements, and in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim period. Results for the year ended December 31, 2010 and the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the current fiscal year. You should read this selected financial and other data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto.

	Year Ended December 31,					Three Months Ended March 31,
	2006	2007	2008	2009	2010	2011
	(Dollars in thousands)					
<b>Income statement data:</b>						
Investment income:						
Total interest, fee and dividend income	\$6,443	\$10,912	\$21,056	\$ 27,149	\$35,641	\$ 12,324
Interest income from cash and cash equivalent investments	280	1,824	303	613	344	101
Total investment income	6,723	12,736	21,359	27,762	35,985	12,425
Expenses:						
Interest expense	1,834	2,073	4,228	6,900	7,350	1,990
Amortization of deferred financing fees	100	113	255	364	797	309
Management fees	1,589	233	—	—	—	—
General and administrative expenses	115	3,894	6,254	6,449	7,689	2,398
Total expenses	3,638	6,313	10,737	13,713	15,836	4,697
Net investment income	3,085	6,423	10,622	14,049	20,149	7,728
Net realized gain (loss) on investments — Non-Control/Non-Affiliate	6,027	(760)	(1,393)	448	(1,623)	—
Net realized gain (loss) on investments — Affiliate	—	141	—	—	(3,856)	—
Net realized gain on investments — Control	—	—	2,829	—	—	—
Net unrealized appreciation (depreciation) of investments	(415)	3,061	(4,286)	(10,310)	10,941	4,596
Total net gain (loss) on investments	5,612	2,442	(2,850)	(9,862)	5,462	4,596
Provision for income taxes	—	(52)	(133)	(150)	(220)	27
Net increase in net assets resulting from operations	<u>\$8,697</u>	<u>\$ 8,813</u>	<u>\$ 7,639</u>	<u>\$ 4,037</u>	<u>\$25,391</u>	<u>\$ 12,351</u>
Net investment income per share — basic and diluted	N/A	\$ 0.95	\$ 1.54	\$ 1.63	\$ 1.58	\$ 0.46
Net increase in net assets resulting from operations per share — basic and diluted	N/A	\$ 1.31	\$ 1.11	\$ 0.47	\$ 1.99	\$ 0.73
Net asset value per common share	N/A	\$ 13.74	\$ 13.22	\$ 11.03	\$ 12.09	\$ 13.42
Dividends declared per common share	N/A	\$ 0.98	\$ 1.44	\$ 1.62	\$ 1.61	\$ 0.42
Capital gains distributions declared per common share	N/A	\$ —	\$ —	\$ 0.05	\$ 0.04	\$ —

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	Year Ended December 31,					Three Months Ended March 31, 2011
	2006	2007	2008	2009	2010	
	(Dollars in thousands)					
<b>Balance sheet data:</b>						
<b>Assets:</b>						
Investments at fair value	\$54,247	\$113,037	\$182,105	\$201,318	\$325,991	\$384,187
Cash and cash equivalents	2,556	21,788	27,193	55,200	54,820	73,421
Interest and fees receivable	135	305	680	677	868	1,401
Prepaid expenses and other current assets	—	47	95	287	119	338
Deferred offering costs	1,021	—	—	—	—	—
Property and equipment, net	—	34	48	29	47	58
Deferred financing fees	985	999	3,546	3,540	6,200	6,414
Total assets	<u>\$58,944</u>	<u>\$136,210</u>	<u>\$213,667</u>	<u>\$261,051</u>	<u>\$388,045</u>	<u>\$465,819</u>
<b>Liabilities and partners' capital:</b>						
Accounts payable and accrued liabilities	\$ 825	\$ 1,144	\$ 1,609	\$ 2,222	\$ 2,269	\$ 928
Interest payable	606	699	1,882	2,334	2,388	614
Distribution / dividends payable	532	2,041	2,767	4,775	—	—
Income taxes payable	—	52	30	59	198	6
Deferred revenue	25	31	—	75	37	43
Deferred income taxes	—	1,760	844	577	209	403
SBA-guaranteed debentures payable	31,800	37,010	115,110	121,910	202,465	214,607
Total liabilities	33,788	42,737	122,242	131,952	207,566	216,601
Total partners' capital / stockholders' equity	25,156	93,473	91,425	129,099	180,479	249,218
Total liabilities and partners' capital / stockholders' equity	<u>\$58,944</u>	<u>\$136,210</u>	<u>\$213,667</u>	<u>\$261,051</u>	<u>\$388,045</u>	<u>\$465,819</u>
<b>Other data:</b>						
Weighted average yield on total investments(1)	13.3%	12.6%	13.2%	13.5%	13.7%	13.9%
Number of portfolio companies	19	26	34	37	48	53
<b>Expense ratios (as percentage of average net assets):</b>						
Operating expenses	8.3%	4.4%	6.6%	6.6%	5.3%	4.7%
Interest expense and deferred financing fees	9.5	2.4	4.7	7.4	5.6	4.4
Total expenses	<u>17.8%</u>	<u>6.8%</u>	<u>11.3%</u>	<u>14.0%</u>	<u>10.9%</u>	<u>9.1%</u>

(1) Excludes non-accrual debt investments

### SELECTED QUARTERLY FINANCIAL DATA

The following tables set forth certain quarterly financial information for each of the nine quarters ended with the quarter ended March 31, 2011. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	Quarter Ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Total investment income	\$6,504,500	\$ 6,576,403	\$ 7,096,643	\$7,584,436
Net investment income	3,037,582	3,249,297	3,717,857	4,043,838
Net increase (decrease) in net assets resulting from operations	(583,357)	(2,851,857)	(778,659)	8,250,576
Net investment income per share	\$ 0.43	\$ 0.41	\$ 0.41	\$ 0.39

	Quarter Ended				
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011
Total investment income	\$7,484,907	\$8,294,147	\$ 9,787,085	\$ 10,419,355	\$ 12,425,397
Net investment income	3,793,684	4,558,624	5,612,455	6,184,710	7,728,127
Net increase in net assets resulting from operations	4,149,329	6,867,280	7,183,182	7,190,758	12,351,241
Net investment income per share	\$ 0.32	\$ 0.38	\$ 0.46	\$ 0.42	\$ 0.46

## RISK FACTORS

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

### Risks Relating to Our Business and Structure

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

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

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

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

***Recent market conditions have impacted debt and equity capital markets in the United States, and we do not know if these conditions will improve in the near future.***

Beginning in the third quarter of 2007, global credit and other financial markets began to suffer substantial stress, volatility, illiquidity and disruption. These forces reached extraordinary levels in late 2008, resulting in the bankruptcy of, the acquisition of, or government intervention in the affairs of several major domestic and international financial institutions. In particular, the financial services sector was negatively impacted by significant write-offs as the value of the assets held by financial firms declined, impairing their capital positions and abilities to lend and invest. We believe that such value declines were exacerbated by widespread forced liquidations as leveraged holders of financial assets, faced with declining prices, were compelled to sell to meet margin requirements and maintain compliance with applicable capital standards. Such forced liquidations also impaired or eliminated many investors and investment vehicles, leading to a decline in the supply of capital for investment and depressed pricing levels for many assets. These events significantly diminished overall confidence in the debt and equity markets, engendered unprecedented declines in the values of certain assets, and caused extreme economic uncertainty.

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Since March 2009, there have been signs that the global credit and other financial market conditions have improved as stability has increased throughout the international financial system and many public market indices have experienced positive total returns. Concentrated policy initiatives undertaken by central banks and governments appear to have curtailed the incidence of large-scale failures within the global financial system. Concurrently, investor confidence, financial indicators, capital markets activity and asset prices have shown signs of marked improvement since the second quarter of 2009. However, while financial conditions have improved, domestic unemployment rates remain high, and economic activity remains subdued. In addition, there are early signs that many businesses and industries are experiencing inflationary pressures, both internationally and domestically. These conditions could increase our funding costs, limit our access to the capital markets, decrease our ability to borrow under our line of credit or result in a decision by other lenders not to extend credit to us. These events could prevent us from increasing our investment originations and negatively impact our operating results.

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

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

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

***We operate in a highly competitive market for investment opportunities.***

A large number of entities compete with us to make the types of investments that we make in target companies. We compete for investments with other BDCs and investment funds (including private equity funds and mezzanine funds), as well as traditional financial services companies such as commercial and investment banks and other sources of funding. Moreover, alternative investment vehicles, such as hedge funds, also invest in lower middle market companies.

As a result, competition for investment opportunities in lower middle market companies is intense. Many of our competitors are substantially larger and have considerably greater financial, technical and marketing resources than we do. For example, some competitors may have a lower cost of capital and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or



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different risk assessments than we have. These characteristics could allow our competitors to consider a wider variety of investments, establish more relationships and offer better pricing and more flexible structuring than we are able to do. We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we are forced to match our competitors' pricing, terms and structure, we may not be able to achieve acceptable returns on our investments or may bear substantial risk of capital loss. A significant part of our competitive advantage stems from the fact that the market for investments in lower middle market companies is underserved by traditional commercial banks and other financing sources. A significant increase in the number and/or the size of our competitors in this target market could force us to accept less attractive investment terms. Furthermore, many of our competitors have greater experience operating under, or are not subject to, the regulatory restrictions that the 1940 Act imposes on us as a BDC.

### ***We are dependent upon our executives for our future success.***

We depend on the members of our senior management team, particularly executive officers Garland S. Tucker, III, Brent P.W. Burgess and Steven C. Lilly, for the final selection, structuring, closing and monitoring of our investments. These executive officers have critical industry experience and relationships that we rely on to implement our business plan. If we lose the services of these individuals, we may not be able to operate our business as we expect, and our ability to compete could be harmed, which could cause our operating results to suffer. Effective February 21, 2009, Messrs. Tucker, Burgess and Lilly are no longer employed by us pursuant to employment agreements. Rather, each is currently employed by us on an at-will basis.

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

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

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

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

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

***We have limited operating history as a business development company and as a regulated investment company, which may impair your ability to assess our prospects.***

The 1940 Act imposes numerous constraints on the operations of BDCs. Prior to the consummation of our initial public offering in February 2007, we had not operated, and our management team had no experience operating, as a BDC under the 1940 Act or as a RIC under Subchapter M of the Code. As a result, we have limited operating results under these regulatory frameworks that can demonstrate to you either their effect on our business or our ability to manage our business under these frameworks. Our management team's limited experience in managing a portfolio of assets under such constraints may hinder our ability to take advantage of attractive investment opportunities and, as a result, achieve our investment objective. Furthermore, any failure to comply with the requirements imposed on BDCs by the 1940 Act could cause the SEC to bring an enforcement action against us. If we do not remain a BDC, we might be regulated as a closed-end investment company under the 1940 Act, which would further decrease our operating flexibility.

***Because of the limited amount of committed funding under our credit facility, we will have limited ability to fund new investments if we are unable to expand the facility.***

On May 9, 2011, we entered into a credit agreement providing for a revolving line of credit, which we refer to as the Credit Facility. Initial committed funding under the Credit Facility is \$50.0 million. The Facility has an accordion feature which allows for an increase in the total loan size up to \$90.0 million. However, if we are unable to meet the terms of the accordion feature, we will be unable to expand the facility and thus will continue to have limited availability to finance new investments under our line of credit. The Credit Facility matures on May 8, 2014, with two one-year extension options bringing the total potential commitment and funding period to five years from closing. If the facility is not renewed or extended, all principal and interest will be due and payable.

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

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

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

**Senior Securities.** Currently we, through our SBIC subsidiaries, issue debt securities guaranteed by the SBA. In the future, we may issue debt securities or preferred stock and/or borrow money from banks or other financial institutions (including borrowings under our line of credit), which we refer to collectively as senior securities. As a result of issuing senior securities, we will be exposed to additional risks, including, but not limited to, the following:

- Under the provisions of the 1940 Act, we are permitted, as a BDC, to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of senior securities. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments and, depending on the nature of our leverage, repay a portion of our debt at a time when such sales and/or repayments may be disadvantageous.

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- Any amounts that we use to service our debt or make payments on preferred stock will not be available for distributions to our common stockholders.
- It is likely that any senior securities or other indebtedness we issue will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Additionally, some of these securities or other indebtedness may be rated by rating agencies, and in obtaining a rating for such securities and other indebtedness, we may be required to abide by operating and investment guidelines that further restrict operating and financial flexibility.
- We and, indirectly, our stockholders will bear the cost of issuing and servicing such securities and other indebtedness.
- Preferred stock or any convertible or exchangeable securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock, including separate voting rights and could delay or prevent a transaction or a change in control to the detriment of the holders of our common stock.

**Additional Common Stock.** 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 June 13, 2011, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so. In any such case, however, the price at which our common stock are to be issued and sold may not be less than a price which, in the determination of our Board of Directors, closely approximates the market value of such securities (less any distributing commission or discount). We may also make rights offerings to our stockholders (though not in conjunction with this prospectus) at prices per share less than the net asset value per share, subject to applicable requirements of the 1940 Act. If we raise additional funds by issuing more common stock or senior securities convertible into, or exchangeable for, our common stock, the percentage ownership of our stockholders at that time would decrease, and they may experience dilution. Moreover, we can offer no assurance that we will be able to issue and sell additional equity securities in the future, on favorable terms or at all.

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

We will have a continuing need for capital to finance our loans. We are party to the Credit Facility, which provides us with a revolving credit line facility of up to \$90.0 million, of which \$50.0 million was available for borrowings as of May 9, 2011. The Credit Facility contains customary terms and conditions, including, without limitation, affirmative and negative covenants such as information reporting requirements, minimum consolidated tangible net worth, minimum interest coverage ratio, maintenance of RIC and BDC status, and minimum liquidity. The Credit Facility also contains customary events of default with customary cure and notice, including, without limitation, nonpayment, misrepresentation of representations and warranties in a material respect, breach of covenant, cross-default to other indebtedness, bankruptcy, change of control, and materially adverse effect. The Credit Facility permits us to fund additional loans and investments as long as we are within the conditions set out in the credit agreement. Our continued compliance with these covenants depends on many factors, some of which are beyond our control, and there are no assurances that we will continue to comply with these covenants. Our failure to satisfy these covenants could result in foreclosure by our lenders, which would accelerate our repayment obligations under the facility and thereby have a material adverse effect on our business, liquidity, financial condition, results of operations and ability to pay distributions to our stockholders.

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

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

### ***The impact of recent financial reform legislation on us is uncertain.***

In light of current conditions in the U.S. and global financial markets and the U.S. and global economy, legislators, the presidential administration and regulators have increased their focus on the regulation of the financial services industry. The Dodd-Frank Reform Act became effective on July 21, 2010, although many provisions of the Dodd-Frank Reform Act have delayed effectiveness or will not become effective until the relevant federal agencies issue new rules to implement the Dodd-Frank Reform Act. Nevertheless, the Dodd-Frank Reform Act may have a material adverse impact on the financial services industry as a whole and on our business, results of operations and financial condition. Accordingly, we cannot predict the effect the Dodd-Frank Reform Act or its implementing regulations will have on our business, results of operations or financial condition.

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

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

Further, the SBA regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a "change of control" of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10.0% or more of a class of capital stock of a licensed SBIC. If our SBIC subsidiaries fail to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit our SBIC subsidiaries' use of debentures, declare outstanding debentures immediately due and payable, and/or limit our SBIC subsidiaries from making new investments. In addition, the SBA can remove the general partners of our SBIC subsidiaries and have a receiver appointed, or revoke or suspend a license for willful or repeated violation of, or willful or repeated failure to observe, any provision of the Small Business Investment Act of 1958, as amended, or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us because our SBIC subsidiaries are wholly owned.

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### ***Because we borrow money, the potential for gain or loss on amounts invested in us is magnified and may increase the risk of investing in us.***

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

As a BDC, we are generally required to meet a coverage ratio of total assets to total borrowings and other senior securities, which include all of our borrowings (other than SBA leverage) and any preferred stock we may issue in the future, of at least 200%. If this ratio declines below 200%, we may not be able to incur additional debt and may need to sell a portion of our investments to repay some debt when it is disadvantageous to do so, and we may not be able to make distributions. Currently, we do not have senior securities outstanding and therefore are not limited by this ratio.

On March 31, 2011, we had \$214.6 million of outstanding indebtedness guaranteed by the SBA, which had a weighted average annualized interest cost of 4.80%. The calculation of this weighted average interest rate includes i) the interim rates charged on \$9.6 million of SBA guaranteed debentures that have not yet been pooled and ii) the fixed rates charged on \$205.0 million of pooled SBA guaranteed debentures. The unpooled SBA-guaranteed debentures have a weighted average interim interest rate of 1.29% and the pooled SBA guaranteed debentures have a weighted average interest rate of 4.97%.

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

	Assumed Return on our Portfolio (Net of Expenses)				
	(10.0)%	(5.0)%	0.0%	5.0%	10.0%
Corresponding net return to stockholder(1)	(22.8)%	(13.5)%	(4.1)%	5.2%	14.6%

(1) Assumes \$465.8 million in total assets, \$214.6 million in debt outstanding, \$249.2 million in net assets and an average cost of funds of 4.80%, which was the weighted average borrowing cost on our borrowings at March 31, 2011.

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

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

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

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

The SBA regulations currently limit the dollar amount of SBA-guaranteed debentures that can be issued by any one SBIC to \$150.0 million or to a group of SBICs under common control to \$225.0 million. Moreover, an SBIC may not borrow an amount in excess of two times (and in certain cases, up to three times) its regulatory capital. As of March 31, 2011, Triangle SBIC had issued \$140.5 million of SBA-guaranteed debentures and has a leverage commitment to issue the remaining \$9.5 million of the \$150.0 million statutory maximum of SBA-guaranteed debentures. As of March 31, 2011, Triangle SBIC II had issued \$75.0 million in face amount of SBA-guaranteed debentures. We intend to borrow the maximum permitted amount. When we reach this maximum dollar amount of SBA-guaranteed debentures permitted, and if we require additional capital, our cost of capital is likely to increase, and there is no assurance that we will be able to obtain additional financing on acceptable terms.

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

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

***We may experience fluctuations in our quarterly results.***

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

***Our ability to enter into and exit investment transactions with our affiliates will be restricted.***

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

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

Our Board of Directors has the authority to modify or waive our current operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies, investment criteria and strategies would have on our business, net asset value, operating results and value of our stock. However, the effects might be adverse, which could negatively impact our ability to pay you distributions and cause you to lose all or part of your investment. Moreover, we will have significant flexibility in investing the net proceeds of the offering and may use the net proceeds from an offering in ways with which investors may not agree or for purposes other than those contemplated at the time of the offering.

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

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

- The annual distribution requirement for a RIC will be satisfied if we distribute to our stockholders on an annual basis at least 90.0% of our net ordinary income and net short-term capital gain in excess of net long-term capital loss, if any. We will be subject to a 4.0% nondeductible U.S. federal excise tax, however, to the extent that we do not satisfy certain additional minimum distribution requirements on a calendar year basis. Because we use debt financing, we are subject to certain asset coverage ratio requirements under the 1940 Act and may in the future become subject to certain financial covenants under loan and credit agreements that could, under certain circumstances, restrict us from making distributions necessary to satisfy the distribution requirement. If we are unable to obtain cash from other sources, we could fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax.
- The income source requirement will be satisfied if we obtain at least 90.0% of our income for each year from distributions, interest, gains from the sale of stock or securities or similar sources.
- The asset diversification requirement will be satisfied if we meet certain asset diversification requirements at the end of each quarter of our taxable year. To satisfy this requirement, at least 50.0% of the value of our assets must consist of cash, cash equivalents, U.S. Government securities, securities of other RICs, and other acceptable securities; and no more than 25.0% of the value of our assets can be invested in the securities, other than U.S. government securities or securities of other RICs, of one issuer,

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of two or more issuers that are controlled, as determined under applicable Code rules, by us and that are engaged in the same or similar or related trades or businesses or of certain “qualified publicly traded partnerships.” Failure to meet these requirements may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because most of our investments will be in private companies, and therefore will be relatively illiquid, any such dispositions could be made at disadvantageous prices and could result in substantial losses.

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

***We may not be able to pay you distributions, our distributions may not grow over time, and a portion of distributions paid to you may be a return of capital.***

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

When we make quarterly distributions, we will be required to determine the extent to which such distributions are paid out of current or accumulated earnings and profits, recognized capital gain or capital. To the extent there is a return of capital, investors will be required to reduce their basis in our stock for federal income tax purposes.

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

For U.S. federal income tax purposes, we may be required to recognize taxable income in circumstances in which we do not receive a corresponding payment in cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments with PIK interest or, in certain cases, increasing interest rates or debt instruments that were issued with warrants), we must include in income each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in income other amounts that we have not yet received in cash, such as deferred loan origination fees that are paid after origination of the loan or are paid in non-cash compensation such as warrants or stock. We anticipate that a portion of our income may constitute original issue discount or other income required to be included in taxable income prior to receipt of cash. Further, we may elect to amortize market discounts and include such amounts in our taxable income in the current year, instead of upon disposition, as an election not to do so would limit our ability to deduct interest expenses for U.S. federal income tax purposes.

Because any original issue discount or other amounts accrued will be included in our investment company taxable income for the year of the accrual, we may be required to make a distribution to our stockholders in order to satisfy the annual distribution requirement, even though we will not have received any corresponding cash amount. As a result, we may have difficulty meeting the annual distribution requirement necessary to obtain and maintain RIC tax treatment under the Code. We may have to sell some of our investments at times and/or at



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prices we would not consider advantageous, raise additional debt or equity capital or forgo new investment opportunities for this purpose. If we are not able to obtain cash from other sources, we may fail to qualify for RIC tax treatment and thus become subject to corporate-level U.S. federal income tax. For additional discussion regarding the tax implications of a RIC, see “Material U.S. Federal Income Tax Considerations — Taxation as a RIC.”

***You may receive shares of our common stock as distributions which could result in adverse tax consequences to you.***

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a distribution in shares of our common stock instead of in cash. As long as a portion of such distribution is paid in cash (which portion can be as low as 10% for our taxable years ending on or before December 31, 2011) and certain requirements are met, the entire distribution to the extent of our current and accumulated earnings and profits would be a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on the entire distribution in the same manner as a cash distribution, even though a portion of the distribution was paid in shares of our common stock.

***You may have current tax liability on distributions you elect to reinvest in our common stock but would not receive cash from such distributions to pay such tax liability.***

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

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

In order for us to continue to qualify as a RIC, we will be required to distribute on an annual basis substantially all of our taxable income, including income from our subsidiaries, including our SBIC subsidiaries. As the majority of our investments are generally held by our SBIC subsidiaries, we will be substantially dependent on our SBIC subsidiaries for cash distributions to enable us to meet the RIC distribution requirements. Our SBIC subsidiaries may be limited by the Small Business Investment Act of 1958, and SBA regulations governing SBICs, from making certain distributions to us that may be necessary to enable us to qualify as a RIC. We may have to request a waiver of the SBA's restrictions for our SBIC subsidiaries to make certain distributions to maintain our status as a RIC. We cannot assure you that the SBA will grant such waiver and if our SBIC subsidiaries are unable to obtain a waiver, compliance with the SBA regulations may result in loss of RIC status and a consequent imposition of corporate-level U.S. federal income tax on us.

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

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

In order to satisfy the requirements applicable to a RIC and to avoid payment of U.S. federal excise tax, we intend to distribute to our stockholders substantially all of our net ordinary income and net capital gain income except for certain net long-term capital gains recognized after we became a RIC, some or all of which we may retain, pay applicable U.S. federal income taxes with respect thereto, and elect to treat as deemed distributions to our stockholders. As a BDC, we generally are required to meet a coverage ratio of total assets to total senior

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securities, which includes all of our borrowings (other than SBA leverage) and any preferred stock we may issue in the future, of at least 200.0%. This requirement limits the amount that we may borrow. If the value of our assets declines, we may be unable to satisfy this test. If that happens, we may be required to sell a portion of our investments or sell additional securities and, depending on the nature of our leverage, to repay a portion of our indebtedness at a time when such sales may be disadvantageous. In addition, issuance of additional securities could dilute the percentage ownership of our current stockholders in us.

While we expect to be able to borrow and to issue additional debt and equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. If additional funds are not available to us, we could be forced to curtail or cease new investment activities, and our net asset value could decline. In addition, as a BDC, we generally are not permitted to issue equity securities priced below net asset value without stockholder approval. At our Annual Stockholders Meeting on June 13, 2011, our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so. For an illustration on the potential dilutive effect of an offering of our common stock at a price below net asset value, please see the illustration below.

*Illustration: Examples of Dilutive Effect of the Issuance of Shares Below Net Asset Value.* The following table illustrates the level of net asset value dilution that would be experienced by a nonparticipating stockholder in three different hypothetical offerings of different sizes and levels of discount from net asset value per share, although it is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

Assume that Company XYZ has 1,000,000 common shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The current net asset value and net asset value per share are thus \$10,000,000 and \$10.00, respectively. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after offering expenses and commission (a 5% discount from net asset value), (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after offering expenses and commissions (a 10% discount from net asset value) and (3) an offering of 200,000 shares (20% of the outstanding shares) at \$8.00 per share after offering expenses and commissions (a 20% discount from net asset value). The acronym "NAV" stands for "net asset value."

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In any offering of common stock, we will present the actual dilution to stockholders in tabular form in the prospectus supplement specific to that offering.

	Prior to Sale Below NAV	Example 1 5% Offering at 5% Discount	%	Example 2 10% Offering at 10% Discount	%	Example 3 20% Offering at 20% Discount	%
		Following Sale	Change	Following Sale	Change	Following Sale	Change
<b>Offering Price</b>							
Price per Share to Public	—	\$ 10.00	—	\$ 9.47	—	\$ 8.42	—
Net Proceeds per Share to Issuer	—	\$ 9.50	—	\$ 9.00	—	\$ 8.00	—
<b>Decrease to NAV</b>							
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,200,000	20.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.24)%	\$ 9.91	(0.91)%	\$ 9.67	(3.33)%
<b>Dilution to Stockholder</b>							
Shares Held by Stockholder A	10,000	10,000	—	10,000	—	10,000	—
Percentage Held by Stockholder A	1.0%	0.95%	(4.76)%	0.91%	(9.09)%	0.83%	(16.67)%
<b>Total Asset Values</b>							
Total NAV Held by Stockholder A	\$ 100,000	\$ 99,762	(0.24)%	\$ 99,091	(0.91)%	\$ 96,667	(3.33)%
Total Investment by Stockholder A (Assumed to Be \$10.00 per Share)	\$ 100,000	\$ 100,000	—	\$ 100,000	—	\$ 100,000	—
Total Dilution to Stockholder A (Total NAV Less Total Investment)	—	\$ (238)	—	\$ (909)	—	\$ (3,333)	—
<b>Per Share Amounts</b>							
NAV per Share Held by Stockholder A	—	\$ 9.98	—	\$ 9.91	—	\$ 9.67	—
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share)	\$ 10.00	\$ 10.00	—	\$ 10.00	—	\$ 10.00	—
Dilution per Share Held by Stockholder A (NAV per Share Less Investment per Share)	—	\$ (0.02)	—	\$ (0.09)	—	\$ (0.33)	—
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)	—	—	(0.24)%	—	(0.91)%	—	(3.33)%

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

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

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

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

We are subject to the Sarbanes-Oxley Act of 2002, and the related rules and regulations promulgated by the SEC. Among other requirements, under Section 404 of the Sarbanes-Oxley Act and rules and regulations of the SEC thereunder, our management is required to report on our internal controls over financial reporting. We are

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required to review on an annual basis our internal controls over financial reporting, and on a quarterly and annual basis to evaluate and disclose significant changes in our internal controls over financial reporting. We have and expect to continue to incur significant expenses related to compliance with the Sarbanes-Oxley Act, which will negatively impact our financial performance and our ability to make distributions. In addition, this process results in a diversion of management's time and attention. Since we have a limited operating history as a company subject to the Sarbanes-Oxley Act, we cannot assure you that our internal controls over financial reporting will continue to be effective. In the event that we are unable to maintain compliance with the Sarbanes-Oxley Act and related rules, we may be adversely affected.

***If we issue preferred stock, debt securities, convertible debt securities, subscription rights or units, the net asset value and market value of our common stock may become more volatile.***

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

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

***The trading market or market value of any publicly issued debt or convertible debt securities may be volatile.***

If we publicly issue debt or convertible debt securities, they may or may not have an established trading market. We cannot assure investors that a trading market for any publicly issued debt or convertible debt securities would develop or be maintained if developed. In addition to our creditworthiness, many factors may materially adversely affect the trading market for, and market value of, our publicly issued debt or convertible debt securities. These factors include the following:

- the time remaining to the maturity of these debt securities;
- the outstanding principal amount of debt securities with terms identical to these debt securities;
- the supply of debt securities trading in the secondary market, if any;

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- the redemption, repayment or convertible features, if any, of these debt securities;
- the level, direction and volatility of market interest rates generally; and
- market rates of interest higher or lower than rates borne by the debt securities.

There also may be a limited number of buyers for our debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities. Our debt securities may include convertible features that cause them to more closely bear risks associated with an investment in our common stock.

***Our credit ratings may not reflect all risks of an investment in debt or convertible debt securities.***

Our credit ratings, if any, are an assessment of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of any publicly issued debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed herein about the market value of, or trading market for, any publicly issued debt securities.

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

If we issue debt or convertible debt securities that are redeemable at our option, we may choose to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In addition, if the debt securities are subject to mandatory redemption, we may be required to redeem the debt securities at times when prevailing interest rates are lower than the interest rate paid on the debt securities. In this circumstance, a holder of our debt securities may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the debt securities being redeemed.

***If we issue subscription rights, warrants or convertible debt that are exchangeable for our common stock, your interest in us may be diluted as a result of such rights, warrants or convertible debt offering.***

Stockholders who do not fully exercise rights, warrants or convertible debt issued to them in an offering of subscription rights, warrants or convertible debt to purchase our common stock should expect that they will, at the completion of the offering, own a smaller proportional interest in us than would otherwise be the case if they fully exercised their rights, warrants or convertible debt. We cannot state precisely the amount of any such dilution in share ownership because we do not know what proportion of the common stock would be purchased as a result of any such offering.

In addition, if the subscription price, warrant price or convertible debt price is less than our net asset value per share of common stock at the time of such offering, then our stockholders would experience an immediate dilution of the aggregate net asset value of their shares as a result of the offering. The amount of any such decrease in net asset value is not predictable because it is not known at this time what the subscription price, warrant price, convertible debt price or net asset value per share will be on the expiration date of such offering or what proportion of our common stock will be purchased as a result of any such offering.

***The Credit Facility with a potential member of the underwriting syndicate may not be as favorable to us as if it had been negotiated with an unaffiliated third-party.***

We entered into the Credit Facility on May 9, 2011 with a lender that may act as a member of the underwriting syndicate in the future for securities issued pursuant to this registration statement. Consequently the terms may not be as favorable to us as if they had been negotiated with an unrelated third-party.

## Risks Relating to Our Investments

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

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

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

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

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

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

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***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 and certain SBA diversification requirements for our investments held by our two wholly-owned SBIC subsidiaries, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

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

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

***Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.***

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

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

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

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

Certain loans that we make are secured by a second priority security interest in the same collateral pledged by a portfolio company to secure senior debt owed by the portfolio company to commercial banks or other traditional lenders. Often the senior lender has procured covenants from the portfolio company prohibiting the incurrence of additional secured debt without the senior lender's consent. Prior to and as a condition of permitting the portfolio company to borrow money from us secured by the same collateral pledged to the senior lender, the senior lender will require assurances that it will control the disposition of any collateral in the event of bankruptcy or other default. In many such cases, the senior lender will require us to enter into an "intercreditor agreement" prior to permitting the portfolio company to borrow from us. Typically the intercreditor agreements we are requested to execute expressly subordinate our debt instruments to those held by the senior lender and further provide that the senior lender shall control: (1) the commencement of foreclosure or other proceedings to liquidate and collect on the collateral; (2) the nature, timing and conduct of foreclosure or other collection proceedings; (3) the amendment of any collateral document; (4) the release of the security interests in respect of any collateral; and (5) the waiver of defaults under any security agreement. Because of the control we may cede to senior lenders under intercreditor agreements we may enter, we may be unable to realize the proceeds of any collateral securing some of our loans.

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

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

As a BDC, we may not acquire any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70.0% of our total assets are qualifying assets. For further detail, see "Regulation."

We believe that substantially all of our investments are qualifying assets. However, we may be precluded from investing in what we believe are attractive investments if such investments are not qualifying assets for purposes of the 1940 Act. If we do not invest a sufficient portion of our assets in qualifying assets, we could lose our status as a BDC, 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



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susceptible to any single economic or regulatory occurrence than a diversified investment company. Beyond our RIC asset diversification requirements and certain SBA diversification requirements for our investments held by our two wholly-owned SBIC subsidiaries, we do not have fixed guidelines for diversification, and our investments could be concentrated in relatively few portfolio companies.

### ***We generally will not control our portfolio companies.***

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

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

Beginning in the third quarter of 2007, global credit and other financial markets began to suffer substantial stress, volatility, illiquidity and disruption. These forces reached extraordinary levels in late 2008, resulting in the bankruptcy of, the acquisition of, or government intervention in the affairs of several major domestic and international financial institutions. In particular, the financial services sector was negatively impacted by significant write-offs as the value of the assets held by financial firms declined, impairing their capital positions and abilities to lend and invest. We believe that such value declines were exacerbated by widespread forced liquidations as leveraged holders of financial assets, faced with declining prices, were compelled to sell to meet margin requirements and maintain compliance with applicable capital standards. Such forced liquidations also impaired or eliminated many investors and investment vehicles, leading to a decline in the supply of capital for investment and depressed pricing levels for many assets. These events significantly diminished overall confidence in the debt and equity markets, engendered unprecedented declines in the values of certain assets, and caused extreme economic uncertainty.

Since March 2009, there have been signs that the global credit and other financial market conditions have improved as stability has increased throughout the international financial system and many public stock market indices have experienced positive total returns. Concentrated policy initiatives undertaken by central banks and governments appear to have curtailed the incidence of large-scale failures within the global financial system. Concurrently, investor confidence, financial indicators, capital markets activity and asset prices have shown signs of marked improvement since the second quarter of 2009. However, while financial conditions have improved, domestic unemployment rates remain high, and economic activity remains subdued. In addition, there are early signs that many businesses and industries are experiencing inflationary pressures both internationally and domestically.

Many of our current and/or future portfolio companies may be susceptible to economic slowdowns or recessions and may be unable to repay our debt investments during these periods. Therefore, during such slowdowns or recessions, our non-performing assets are likely to increase, and the value of our portfolio is likely to decrease. Adverse economic conditions may also decrease the value of any collateral securing some of our debt investments and the value of our equity investments. A prolonged economic slowdown or recession may further decrease the value of such collateral and result in losses of value in our portfolio and a decrease in investment income, net investment income, assets, and net worth. Unfavorable economic conditions also could increase our funding costs, limit our access to the capital markets or result in a decision by lenders not to extend credit to us on terms we deem acceptable. These events could prevent us from increasing investments and harm our operating results.

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

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

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

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

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

As of March 31, 2011, the fair value of our non-accrual assets was approximately \$7.1 million, which comprised approximately 1.8% of the total fair value of our portfolio. The fair value of these non-accrual assets was less than cost as of March 31, 2011. In addition, as of March 31, 2011, we had, on a fair value basis, approximately \$10.1 million of debt investments or 2.6% of the total fair value of our portfolio, which were current with respect to scheduled interest and principal payments, but which were carried at less than cost. In light of current economic conditions, certain of our portfolio companies may be unable to service our debt investments on a timely basis. These conditions may also decrease the value of collateral securing some of our debt investments, as well as the value of our equity investments. As a result, the number of non-performing assets in our portfolio may increase, and the overall value of our portfolio may decrease, which could lead to financial losses in our portfolio and a decrease in our investment income, net investment income, dividends and assets.

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

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

***Defaults by our portfolio companies will harm our operating results.***

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

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

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

***Changes in interest rates may affect our cost of capital and net investment income.***

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

***We may not realize gains from our equity investments.***

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

## Risks Relating to an Offering of Our Securities

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

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

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

***Shares of closed-end investment companies, including business development companies, frequently trade at a discount to their net asset value.***

Shares of closed-end investment companies, including BDCs, frequently trade at a discount from net asset value. This characteristic of closed-end investment companies and BDCs is separate and distinct from the risk that our net asset value per share may decline. We cannot predict whether our common stock will trade at, above or below net asset value. In addition, if our common stock trades below net asset value, we will generally not be able to issue additional common stock at the market price without first obtaining the approval of our stockholders and our independent directors. On June 13, 2011 our stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so.

***Recent conditions may increase the risks associated with our business and an investment in us.***

Beginning in the third quarter of 2007, the U.S. economy and financial markets began experiencing a high level of volatility, disruption and stress, which was exacerbated by the failure of several major financial institutions in the last few months of 2008. In addition, the U.S. economy entered a recession, which was severe and prolonged. Similar conditions occurred in the financial markets and economies of numerous other countries and could worsen, both in the U.S. and globally. These conditions raised the level of many of the risks described herein and, if repeated or continued, could have an adverse effect on our portfolio companies and on their results of operations, financial conditions, access to credit and capital. The stress in the credit market and upon banks has led other creditors to tighten credit and the terms of credit. In certain cases, senior lenders to our customers can block payments by our customers in respect of our loans to such customers. In turn, these could have adverse effects on our business, financial condition, results of operations, dividend payments, access to capital, valuation of our assets and our stock price. Notwithstanding recent gains across both the equity and debt markets, these conditions may continue for a prolonged period of time or worsen in the future.

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

On June 13, 2011, our stockholders approved our ability to sell an unlimited number of shares of our common stock at any level of discount from net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. If we issue or sell shares of our common stock at a discount to net asset value, it will pose a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares at or below the discounted price in proportion to their current ownership will experience an immediate decrease in net asset value per share (as well as in the aggregate net asset value of their shares if they do not participate at all). These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we experience in our assets, potential earning power and voting interests from such issuances or sale. In addition, such sales may adversely affect the price at which our common stock trades. For additional information and hypothetical examples of these risks, see "Sales of Common Stock Below Net Asset Value," and for actual dilution illustrations specific to an offering, see the prospectus supplement pursuant to which such sale is made.

***Our net asset value may have changed significantly since our last valuation.***

Our Board of Directors determines the fair value of our portfolio investments on a quarterly basis based on input from management, our audit committee and, as to certain of our investments, a third party independent valuation firm. While the Board of Directors will review our net asset value per share in connection with any offering, it will not always have the benefit of input from the independent valuation firm when it does so. Moreover, our financial statements have not been audited by our independent registered public accounting firm for any periods since December 31, 2010. The fair value of various individual investments in our portfolio and/or the aggregate fair value of our investments may change significantly over time. If the fair value of our investment portfolio at December 31, 2011 is less than the fair value at the time of an offering during 2011, then we may record an unrealized loss on our investment portfolio and may report a lower net asset value per share than will be reflected in the Selected Condensed Financial Data and the financial statements included in the prospectus supplement of that offering. If the fair value of our investment portfolio at December 31, 2011 is greater than the fair value at the time of an offering during 2011, we may record an unrealized gain on our investment portfolio and may report a greater net asset value per share than so reflected in the prospectus supplement of that offering. Upon publication of this information in connection with our announcement of operating results for our fiscal year ended December 31, 2011, the market price of our common stock may fluctuate materially, and may be substantially less than the price per share you pay for our common stock in an offering.

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

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

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

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

- significant volatility in the market price and trading volume of securities of BDCs or other companies in our sector, which are not necessarily related to the operating performance of these companies;

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- changes in regulatory policies or tax guidelines, particularly with respect to RICs, BDCs or SBICs;
- inability to obtain certain exemptive relief from the SEC;
- loss of RIC status or either of our SBIC subsidiaries' status as an SBIC;
- changes in earnings or variations in operating results;
- changes in the value of our portfolio of investments;
- any shortfall in investment income or net investment income or any increase in losses from levels expected by investors or securities analysts;
- conversion features of subscription rights, warrants or convertible debt;
- loss of a major funding source;
- fluctuations in interest rates;
- the operating performance of companies comparable to us;
- departure of our key personnel;
- global or national credit market changes; and
- general economic trends and other external factors.

As illustrated by recent events in the market for subprime loans, and mortgage securities generally, the market for any security is subject to volatility. The loans and securities purchased by us and issued by us are no exception to this fundamental investment truism that prices will fluctuate, although we lack any material exposure to the subprime and mortgage markets.

***If a substantial number of shares become available for sale and are sold in a short period of time, the market price of our common stock could decline.***

As of March 31, 2011, we had 18,569,856 shares of common stock outstanding. Sales of substantial amounts of our common stock, or the availability of shares for sale, including those offered hereby, could adversely affect the prevailing market price of our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of equity securities should we desire to do so.

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

The Maryland General Corporation Law and our charter and bylaws contain provisions that may have the effect of discouraging, delaying or making difficult a change in control of our Company or the removal of our incumbent directors. Specifically, our Board of Directors may adopt resolutions to classify our Board of Directors so that stockholders do not elect every director on an annual basis. Also, our charter provides that a director may be removed only for cause by the vote of at least two-thirds of the votes entitled to be cast for the election of directors generally. In addition, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders will be called by our secretary to act upon any matter that may properly be considered at a meeting of stockholders only upon the written request of the stockholders entitled to cast at least a majority of all the votes entitled to be cast on such matter at the meeting.

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

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

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

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

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

### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements in this prospectus and the accompanying prospectus supplement, if any, constitute forward-looking statements because they relate to future events or our future performance or financial condition. The forward-looking statements contained in this prospectus may include 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.

In addition, words such as “anticipate,” “believe,” “expect” and “intend” indicate a forward-looking statement, although not all forward-looking statements include these words. The forward-looking statements contained in this prospectus involve risks and uncertainties. Our actual results could differ materially from those

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implied or expressed in the forward-looking statements for any reason, including the factors set forth in “Risk Factors” and elsewhere in this prospectus and the accompanying prospectus supplement, if any. Other factors that could cause actual results to differ materially include:

- changes in the economy;
- risks associated with possible disruption in our operations or the economy generally due to terrorism; and
- future changes in laws or regulations and conditions in our operating areas.

You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus or the accompanying prospectus supplement, if any. 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, including in the form of a prospectus supplement or post-effective amendment to the registration statement to which this prospectus relates, or through reports that we file with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. The forward-looking statements in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act.

### **FORMATION TRANSACTIONS**

Triangle Capital Corporation is a Maryland corporation, formed on October 10, 2006, for the purposes of acquiring 100% of the equity interests in Triangle SBIC and its general partner, TML, raising capital in our IPO, which was completed in February 2007 and thereafter operating as an internally managed business development company under the 1940 Act.

On February 21, 2007, concurrently with the closing of our IPO, we consummated the following formation transactions:

- Triangle Capital Corporation acquired 100% of the limited partnership interests in Triangle SBIC in exchange for approximately 1.4 million shares of Triangle’s common stock, having an aggregate value of \$21,250,000 based on the IPO price. Triangle SBIC became our wholly owned subsidiary, retained its SBIC license, continues to hold its existing investments and will make new investments with the proceeds from our IPO.
- Triangle Capital Corporation acquired 100% of the equity interests in TML, the general partner of Triangle SBIC, in exchange for 500,000 shares of Triangle’s common stock, having an aggregate value of \$7,500,000 based on the IPO price.

On December 15, 2009, Triangle SBIC II was organized as a limited partnership under the laws of the State of Delaware and its SBIC license became effective on May 26, 2010. We have made and we will continue to make new investments with the net proceeds of any offering and proceeds from SBA guaranteed debentures issued from time to time to our two wholly owned SBIC subsidiaries.

### **BUSINESS DEVELOPMENT COMPANY AND REGULATED INVESTMENT COMPANY ELECTIONS**

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



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

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

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

As a RIC, so long as we meet certain minimum distribution, source-of-income and asset diversification requirements, we generally are required to pay U.S. federal income taxes only on the portion of our taxable income and gains we do not distribute (actually or constructively) and certain built-in gains. We intend to distribute to our stockholders substantially all of our income. We may, however, make deemed distributions to our stockholders of any retained net long-term capital gains. If this happens, our stockholders will be treated as if they received an actual distribution of the net capital gains and reinvested the net after-tax proceeds in us. Our stockholders also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to their allocable share of the corporate-level U.S. federal income tax we pay on the deemed distribution. See “Material U.S. Federal Income Tax Considerations.” We met the minimum annual distribution requirements for 2008, 2009 and 2010 and continually monitor our distribution requirements with the goal of ensuring compliance with the Code.

In addition, we have certain wholly-owned taxable subsidiaries (the “Taxable Subsidiaries”), each of which holds a portion of one or more of our portfolio investments that are listed on the Consolidated Schedule of Investments. The Taxable Subsidiaries are consolidated for GAAP purposes, so that our consolidated financial statements reflect our investments in the portfolio companies owned by the Taxable Subsidiaries. The purpose of the Taxable Subsidiaries is to permit us to hold certain interests in portfolio companies that are organized as limited liability companies (“LLCs”) (or other forms of pass-through entities) and still satisfy the RIC tax requirement that at least 90.0% of the RIC’s gross income for federal 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 our ability to qualify as a RIC and therefore cause us to incur significant amounts of corporate-level U.S. federal income taxes. Where interests in LLCs (or other pass-through entities) are owned by the Taxable Subsidiaries, however, the income from such interests is taxed to the Taxable Subsidiaries and does not flow through to the RIC, thereby helping us preserve our RIC status and resultant tax advantages. The Taxable Subsidiaries are not consolidated for U.S. federal income tax purposes and may generate income tax expense as a result of their ownership of the portfolio companies.

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

As a BDC, we are required to meet a coverage ratio of total assets to total senior securities of at least 200.0%. For this purpose, senior securities include all borrowings (other than SBA leverage and certain other short-term borrowings) and any preferred stock we may issue in the future. Additionally, our ability to continue to utilize leverage as a means of financing our portfolio of investments may be limited by this asset coverage test. Our SBIC subsidiaries cannot have outstanding more than an aggregate of \$225.0 million of debenture leverage guaranteed by the SBA. This limitation may negatively impact our earnings, as we are at or close to that limit. While use of debenture leverage from the SBA may enhance returns if we meet our investment objective, our returns may be reduced or eliminated if the returns on investments by Triangle SBIC and Triangle SBIC II are less than the costs of operating them, including the costs of using debenture leverage.

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

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

#### **USE OF PROCEEDS**

Unless otherwise specified in any prospectus supplement accompanying this prospectus, we intend to use the net proceeds from the sale of our securities for investment and general corporate purposes. We intend to invest the net proceeds in lower middle market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. We plan to raise new equity when we have attractive investment opportunities available. Pending such use, we will invest the net proceeds of any offering primarily in short-term securities consistent with our BDC election and our election to be taxed as a RIC. See “Regulation — Temporary Investments.”

Our ability to achieve our investment objective may be limited to the extent that the net proceeds from an offering, pending full investment, are held in interest-bearing deposits or other short-term instruments. The supplement to this prospectus relating to an offering will more fully identify the use of proceeds from such an offering.

## PRICE RANGE OF COMMON STOCK AND DISTRIBUTIONS

Our common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "TCAP." The following table sets forth, for each fiscal quarter since our initial public offering, the range of high and low sales prices of our common stock as reported on the NYSE, the sales price as a percentage of our net asset value, or NAV, and the distributions declared by us for each fiscal quarter. The stock quotations are inter-dealer quotations and do not include mark-ups, mark-downs or commissions and as such do not necessarily represent actual transactions.

	Net Asset Value(1)	Sales Price		Premium of High Sales Price to Net Asset Value(2)	Discount of Low Sales Price to Net Asset Value(2)	Cash Distributions per Share(3)
		High	Low			
<b>Year ended December 31, 2009</b>						
First Quarter	\$12.46	\$12.92	\$ 5.21	103.7%	41.8%	\$ 0.45
Second Quarter	\$11.31	\$12.38	\$ 7.50	109.5%	66.3%	\$ 0.40
Third Quarter	\$10.60	\$12.77	\$10.26	120.5%	96.8%	\$ 0.41
Fourth Quarter	\$11.03	\$13.28	\$10.95	120.4%	99.3%	\$ 0.41
<b>Year ended December 31, 2010</b>						
First Quarter	\$10.87	\$14.53	\$11.45	133.7%	105.3%	\$ 0.41
Second Quarter	\$11.08	\$16.38	\$12.16	147.8%	109.7%	\$ 0.41
Third Quarter	\$11.99	\$16.81	\$14.06	140.2%	117.3%	\$ 0.41
Fourth Quarter	\$12.09	\$20.97	\$15.90	173.4%	131.5%	\$ 0.42
<b>Year ended December 31, 2011</b>						
First Quarter	\$13.42	\$20.93	\$16.23	156.0%	120.9%	\$ 0.42
Second Quarter (to June 24, 2011)	*	\$19.27	\$17.37	*	*	\$ 0.44

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
- (2) Calculated as the respective high or low sales price divided by net asset value.
- (3) Represents the distribution declared in the specified quarter. We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions. See "Dividend Reinvestment Plan."

The last reported price for our common stock on June 24, 2011 was \$18.75 per share. As of June 24, 2011, we had 60 stockholders of record.

Shares of BDCs may trade at a market price that is less than the value of the net assets attributable to those shares. The possibilities that our shares of common stock will trade at a discount from net asset value or at premiums that are unsustainable over the long term are separate and distinct from the risk that our net asset value will decrease. It is not possible to predict whether the common stock offered hereby will trade at, above, or below net asset value. Since our IPO in February 2007, our shares of common stock have traded for amounts both less than and exceeding our net asset value.

We intend to continue to pay quarterly distributions to our stockholders. Our quarterly distributions, if any, are determined by our Board of Directors. We have elected to be taxed as a RIC under Subchapter M of the Code. As long as we qualify as a RIC, we will not be taxed on our investment company taxable income or realized net capital gain, to the extent that such taxable income or gain is distributed, or deemed to be distributed, to stockholders on a timely basis.

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To obtain and maintain RIC tax treatment, we must, among other things, distribute at least 90.0% of our net ordinary income and realized net short-term capital gain in excess of realized net long-term capital loss, if any. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98.0% of our net ordinary income for the calendar year, (2) 98.2% of our net capital gain for the calendar year and (3) any net ordinary income and net capital gain for preceding years that were not distributed during such years and on which we paid no U.S. federal income tax. We may retain for investment some or all of our net capital gain (i.e., realized net long-term capital gains in excess of realized net short-term capital losses) and treat such amounts as deemed distributions to our stockholders. If we do this, you will be treated as if you received an actual distribution of the capital gain we retain and then reinvested the net after-tax proceeds in our common stock. You also may be eligible to claim a tax credit (or, in certain circumstances, a tax refund) equal to your allocable share of the tax we paid on the capital gain deemed distributed to you. Please refer to "Material U.S. Federal Income Tax Considerations" for further information regarding the consequences of our retention of net capital gain. We may, in the future, make actual distributions to our stockholders of our net capital gain. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings. See "Regulation" and "Material U.S. Federal Income Tax Considerations."

We will report the U.S. federal income tax characteristics of all distributions to our stockholders, as appropriate, on IRS Form 1099-DIV after the end of the year. Our ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The selected historical financial and other data below reflects the consolidated operations of Triangle Capital Corporation and its subsidiaries, including Triangle SBIC and Triangle SBIC II. The selected financial data at and for the fiscal years ended December 31, 2006, 2007, 2008, 2009 and 2010 have been derived from our financial statements that have been audited by Ernst & Young LLP, an independent registered public accounting firm. Financial information prior to our initial public offering in 2007 is that of Triangle SBIC, which is Triangle Capital Corporation's predecessor. Interim financial information for the three months ended March 31, 2011 is derived from our unaudited financial statements, and in the opinion of management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results of such interim period. Results for the year ended December 31, 2010 and the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the current fiscal year. You should read this selected financial and other data in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and notes thereto.

	Year Ended December 31,					Three Months Ended March 31, 2011
	2006	2007	2008	2009	2010	
	(Dollars in thousands)					
<b>Income statement data:</b>						
Investment income:						
Total interest, fee and dividend income	\$6,443	\$10,912	\$21,056	\$ 27,149	\$35,641	\$12,324
Interest income from cash and cash equivalent investments	280	1,824	303	613	344	101
Total investment income	6,723	12,736	21,359	27,762	35,985	12,425
Expenses:						
Interest expense	1,834	2,073	4,228	6,900	7,350	1,990
Amortization of deferred financing fees	100	113	255	364	797	309
Management fees	1,589	233	—	—	—	—
General and administrative expenses	115	3,894	6,254	6,449	7,689	2,398
Total expenses	3,638	6,313	10,737	13,713	15,836	4,697
Net investment income	3,085	6,423	10,622	14,049	20,149	7,728
Net realized gain (loss) on investments — Non-Control/Non-Affiliate	6,027	(760)	(1,393)	448	(1,623)	—
Net realized gain (loss) on investments — Affiliate	—	141	—	—	(3,856)	—
Net realized gain on investments — Control	—	—	2,829	—	—	—
Net unrealized appreciation (depreciation) of investments	(415)	3,061	(4,286)	(10,310)	10,941	4,596
Total net gain (loss) on investments	5,612	2,442	(2,850)	(9,862)	5,462	4,596
Provision for income taxes	—	(52)	(133)	(150)	(220)	27
Net increase in net assets resulting from operations	\$8,697	\$ 8,813	\$ 7,639	\$ 4,037	\$25,391	\$12,351
Net investment income per share — basic and diluted	N/A	\$ 0.95	\$ 1.54	\$ 1.63	\$ 1.58	\$ 0.46
Net increase in net assets resulting from operations per share — basic and diluted	N/A	\$ 1.31	\$ 1.11	\$ 0.47	\$ 1.99	\$ 0.73
Net asset value per common share	N/A	\$ 13.74	\$ 13.22	\$ 11.03	\$ 12.09	\$ 13.42
Dividends declared per common share	N/A	\$ 0.98	\$ 1.44	\$ 1.62	\$ 1.61	\$ 0.42
Capital gains distributions declared per common share	N/A	\$ —	\$ —	\$ 0.05	\$ 0.04	\$ —

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	Year Ended December 31,					Three Months Ended March 31, 2011
	2006	2007	2008	2009	2010	
	(Dollars in thousands)					
<b>Balance sheet data:</b>						
<b>Assets:</b>						
Investments at fair value	\$54,247	\$113,037	\$182,105	\$201,318	\$325,991	\$ 384,187
Cash and cash equivalents	2,556	21,788	27,193	55,200	54,820	73,421
Interest and fees receivable	135	305	680	677	868	1,401
Prepaid expenses and other current assets	—	47	95	287	119	338
Deferred offering costs	1,021	—	—	—	—	—
Property and equipment, net	—	34	48	29	47	58
Deferred financing fees	985	999	3,546	3,540	6,200	6,414
Total assets	<u>\$58,944</u>	<u>\$136,210</u>	<u>\$213,667</u>	<u>\$261,051</u>	<u>\$388,045</u>	<u>\$ 465,819</u>
<b>Liabilities and partners' capital:</b>						
Accounts payable and accrued liabilities	\$ 825	\$ 1,144	\$ 1,609	\$ 2,222	\$ 2,269	\$ 928
Interest payable	606	699	1,882	2,334	2,388	614
Distribution / dividends payable	532	2,041	2,767	4,775	—	—
Income taxes payable	—	52	30	59	198	6
Deferred revenue	25	31	—	75	37	43
Deferred income taxes	—	1,760	844	577	209	403
SBA-guaranteed debentures payable	31,800	37,010	115,110	121,910	202,465	214,607
Total liabilities	33,788	42,737	122,242	131,952	207,566	216,601
Total partners' capital / stockholders' equity	25,156	93,473	91,425	129,099	180,479	249,218
Total liabilities and partners' capital / stockholders' equity	<u>\$58,944</u>	<u>\$136,210</u>	<u>\$213,667</u>	<u>\$261,051</u>	<u>\$388,045</u>	<u>\$ 465,819</u>
<b>Other data:</b>						
Weighted average yield on total investments(1)	13.3%	12.6%	13.2%	13.5%	13.7%	13.9%
Number of portfolio companies	19	26	34	37	48	53
<b>Expense ratios (as percentage of average net assets):</b>						
Operating expenses	8.3%	4.4%	6.6%	6.6%	5.3%	4.7%
Interest expense and deferred financing fees	9.5	2.4	4.7	7.4	5.6	4.4
Total expenses	17.8%	6.8%	11.3%	14.0%	10.9%	9.1%

(1) Excludes non-accrual debt investments

### SELECTED QUARTERLY FINANCIAL DATA

The following tables set forth certain quarterly financial information for each of the nine quarters ended with the quarter ended March 31, 2011. This information was derived from our unaudited consolidated financial statements. Results for any quarter are not necessarily indicative of results for the past fiscal year or for any future quarter.

	Quarter Ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Total investment income	\$ 6,504,500	\$ 6,576,403	\$ 7,096,643	\$ 7,584,436
Net investment income	3,037,582	3,249,297	3,717,857	4,043,838
Net increase (decrease) in net assets resulting from operations	(583,357)	(2,851,857)	(778,659)	8,250,576
Net investment income per share	\$ 0.43	\$ 0.41	\$ 0.41	\$ 0.39

	Quarter Ended				
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010	March 31, 2011
Total investment income	\$ 7,484,907	\$ 8,294,147	\$ 9,787,085	\$ 10,419,355	\$ 12,425,397
Net investment income	3,793,684	4,558,624	5,612,455	6,184,710	7,728,127
Net increase in net assets resulting from operations	4,149,329	6,867,280	7,183,182	7,190,758	12,351,241
Net investment income per share	\$ 0.32	\$ 0.38	\$ 0.46	\$ 0.42	\$ 0.46

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

The following discussion is designed to provide a better understanding of our consolidated financial statements, including a brief discussion of our business, key factors that impacted our performance and a summary of our operating results. The following discussion should be read in conjunction with the financial statements and the notes thereto included herein. Historical results and percentage relationships among any amounts in the financial statements are not necessarily indicative of trends in operating results for any future periods.

### Overview of our Business

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

Our business is to provide capital to lower middle market companies in the United States. We focus on investments in companies with a history of generating revenues and positive cash flows, an established market position and a proven management team with a strong operating discipline. Our target portfolio company has annual revenues between \$20.0 million and \$100.0 million and annual earnings before interest, taxes, depreciation and amortization, or EBITDA, between \$3.0 million and \$20.0 million.

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

We generate revenues in the form of interest income, primarily from our investments in debt securities, loan origination and other fees and dividend income. Fees generated in connection with our debt investments are recognized over the life of the loan using the effective interest method or, in some cases, recognized as earned. In addition, we generate revenue in the form of capital gains, if any, on warrants or other equity-related securities that we acquire from our portfolio companies. Our debt investments generally have a term of between three and seven years and typically bear interest at fixed rates between 12.0% and 17.0% per annum. Certain of our debt investments have a form of interest, referred to as payment-in-kind, or PIK, interest, that is not paid currently but is instead accrued and added to the loan balance and paid at the end of the term. In our negotiations with potential portfolio companies, we generally seek to minimize PIK interest. Cash interest on our debt investments is generally payable monthly; however, some of our debt investments pay cash interest on a quarterly basis. As of March 31, 2011, and December 31, 2010, the weighted average yield on our outstanding debt investments other than non-accrual debt investments (including PIK interest) was approximately 15.2% and 15.1%, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 13.9% and 13.7% as of March 31, 2011 and December 31, 2010, respectively. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 13.3% and 12.9% as of March 31, 2011 and December 31, 2010, respectively.



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

### Portfolio Composition

The total value of our investment portfolio was \$384.2 million as of March 31, 2011 compared to \$326.0 million as of December 31, 2010 and \$201.3 million as of December 31, 2009. As of March 31, 2011, we had investments in 53 portfolio companies with an aggregate cost of \$377.4 million. As of December 31, 2010, we had investments in 48 portfolio companies with an aggregate cost of \$324.0 million. As of December 31, 2009, we had investments in 37 portfolio companies with an aggregate cost of \$209.9 million. As of December 31, 2008, we had investments in 34 portfolio companies with an aggregate cost of \$180.2 million. As of March 31, 2011, December 31, 2010, December 31, 2009, and December 31, 2008, none of our portfolio investments represented greater than 10% of the total fair value of our investment portfolio.

As of March 31, 2011 and December 31, 2010, 2009 and 2008, our investment portfolio consisted of the following investments:

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
<b>March 31, 2011:</b>				
Subordinated debt, Unitranche and 2nd lien notes	\$330,396,564	88%	\$322,755,563	84%
Senior debt	8,474,097	2	7,471,522	2
Equity shares	31,202,841	8	45,032,087	12
Equity warrants	6,499,884	2	8,085,358	2
Royalty rights	874,400	—	842,100	—
	<u>\$377,447,786</u>	<u>100%</u>	<u>\$384,186,630</u>	<u>100%</u>
<b>December 31, 2010:</b>				
Subordinated debt, Unitranche and 2nd lien notes	\$279,433,775	86%	\$270,994,677	83%
Senior debt	8,631,760	3	7,639,159	3
Equity shares	29,115,890	9	38,719,699	12
Equity warrants	5,985,882	2	7,902,458	2
Royalty rights	874,400	—	734,600	—
	<u>\$324,041,707</u>	<u>100%</u>	<u>\$325,990,593</u>	<u>100%</u>
<b>December 31, 2009:</b>				
Subordinated debt, Unitranche and 2nd lien notes	\$179,482,425	86%	\$166,087,684	83%
Senior debt	11,090,514	5	10,847,886	5
Equity shares	15,778,681	8	17,182,500	9
Equity warrants	2,715,070	1	6,250,600	3
Royalty rights	874,400	—	949,300	—
	<u>\$209,941,090</u>	<u>100%</u>	<u>\$201,317,970</u>	<u>100%</u>
<b>December 31, 2008:</b>				
Subordinated debt and 2nd lien notes	\$147,493,871	82%	\$143,015,291	79%
Senior debt	16,269,628	9	16,269,628	9
Equity shares	13,684,269	8	17,301,372	9
Equity warrants	1,829,370	1	4,644,600	3
Royalty rights	874,400	—	874,400	—
	<u>\$180,151,538</u>	<u>100%</u>	<u>\$182,105,291</u>	<u>100%</u>

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### Investment Activity

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

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

Total portfolio investment activity for the three months ended March 31, 2011 and 2010 was as follows:

	Three Months Ended March 31,	
	2011	2010
Fair value of portfolio, beginning of period	\$325,990,593	\$201,317,970
New investments	68,275,512	14,143,949
Proceeds from sales of investments	—	(240,000)
Loan origination fees received	(1,466,292)	(301,875)
Principal repayments received	(14,936,864)	(6,280,580)
Payment in kind interest earned	1,942,288	1,216,226
Payment in kind interest payments received	(1,084,795)	(156,710)
Accretion of loan discounts	260,986	117,201
Accretion of deferred loan origination revenue	415,247	215,033
Realized gain on investments	—	199,200
Unrealized gain on investments	4,789,955	246,344
Fair value of portfolio, end of period	<u>\$384,186,630</u>	<u>\$210,476,758</u>
Weighted average yield on debt investments at end of period(1)	<u>15.2%</u>	<u>14.7%</u>
Weighted average yield on total investments at end of period(1)	<u>13.9%</u>	<u>13.4%</u>
Weighted average yield on total investments at end of period	<u>13.3%</u>	<u>11.8%</u>

(1) Excludes non-accrual debt investments.

During the year ended December 31, 2010, we made sixteen new investments totaling \$140.7 million, additional debt investments in ten existing portfolio companies totaling \$32.3 million and five additional equity investments in existing portfolio companies totaling approximately \$0.6 million. In addition, we sold three equity investments in portfolio companies for total proceeds of approximately \$5.4 million, resulting in realized gains totaling approximately \$4.1 million, and converted subordinated debt investments in two portfolio companies to equity, resulting in realized losses totaling approximately \$10.4 million. We also sold a convertible note investment in a portfolio company for proceeds of approximately \$2.3 million, resulting in a realized gain of approximately \$0.9 million. We had nine portfolio company loans repaid at par totaling approximately \$43.0 million and received normal principal repayments, partial loan prepayments and PIK interest repayments totaling approximately \$7.9 million in the year ended December 31, 2010.

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Total portfolio investment activity for the year ended December 31, 2010 was as follows:

	Year Ended December 31, 2010
Fair value of portfolio, beginning of period	\$201,317,970
New investments	173,581,930
Proceeds from sales of investments	(5,433,709)
Loan origination fees received	(3,351,568)
Principal repayments received	(49,481,126)
Payment in kind interest earned	5,979,858
Payment in kind interest payments received	(3,710,551)
Accretion/writeoff of loan discounts	701,268
Accretion of deferred loan origination revenue	1,268,839
Net realized gain (loss) on investments	(5,454,327)
Net unrealized gain (loss) on investments	10,572,009
Fair value of portfolio, end of period	<u>\$325,990,593</u>
Weighted average yield on debt investments as of end of period(1)	<u>15.1%</u>
Weighted average yield on total investments as of end of period(1)	<u>13.7%</u>
Weighted average yield on total investments at end of period	<u>12.9%</u>

(1) Excludes non-accrual debt investments.

During the year ended December 31, 2009, we made seven new investments totaling \$43.0 million, additional debt investments in three existing portfolio companies totaling \$4.1 million and five additional equity investments in existing portfolio companies totaling approximately \$1.4 million. We also sold two investments in portfolio companies for approximately \$1.9 million, resulting in realized gains totaling \$1.8 million and recognized realized losses related to restructurings of two portfolio companies totaling \$1.3 million. We had four portfolio company loans repaid at par in the amount of \$13.2 million. In addition, we received normal principal repayments, partial loan prepayments and payment in kind, or PIK, interest repayments totaling approximately \$9.2 million in the year ended December 31, 2009.

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Total portfolio investment activity for the year ended December 31, 2009 was as follows:

	Year Ended December 31, 2009
Fair value of portfolio, January 1, 2009	\$182,105,291
New investments	48,475,570
Proceeds from sales of investments	(1,888,384)
Loan origination fees received	(952,500)
Principal repayments received	(19,543,314)
Payment in kind interest earned	5,074,819
Payment in kind interest payments received	(2,909,804)
Accretion/writeoff of loan discounts	421,495
Accretion of deferred loan origination revenue	663,506
Net realized gain on investments	448,164
Net unrealized losses on investments	(10,576,873)
Fair value of portfolio, December 31, 2009	\$201,317,970
Weighted average yield on debt investments as of December 31, 2009(1)	14.7%
Weighted average yield on total investments as of December 31, 2009(1)	13.5%
Weighted average yield on total investments as of December 31, 2009	12.5%

(1) Excludes non-accrual debt investments.

During the year ended December 31, 2008, we made twelve new investments totaling \$91.0 million, additional debt investments in an existing portfolio company of \$1.9 million and four additional equity investments in existing portfolio companies of approximately \$0.2 million. We also sold three investments in portfolio companies for approximately \$3.6 million, resulting in realized gains totaling \$2.9 million and recognized a realized loss on the writeoff of one investment totaling \$1.5 million. We had four portfolio company loans repaid at par in the amount of \$12.5 million. In addition, we received normal principal repayments, partial loan prepayments and payment in kind (PIK) interest repayments totaling approximately \$6.9 million in the year ended December 31, 2008.

Total portfolio investment activity for the year ended December 31, 2008 was as follows:

	Year Ended December 31, 2008
Fair value of portfolio, January 1, 2008	\$113,036,240
New investments	93,054,022
Proceeds from sale of investment	(3,631,876)
Loan origination fees received	(1,686,996)
Principal repayments received	(17,336,521)
Payment in kind interest earned	3,761,786
Payment in kind interest payments received	(1,978,498)
Accretion of loan discounts	169,548
Accretion of deferred loan origination revenue	484,664
Realized gains on investments	1,435,608
Unrealized losses on investments	(5,202,686)
Fair value of portfolio, December 31, 2008	\$182,105,291
Weighted average yield on debt investments as of December 31, 2008	14.4%
Weighted average yield on total investments as of December 31, 2008	13.2%

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### **Non-Accrual Assets**

As of March 31, 2011, the fair value of our non-accrual assets was approximately \$7.1 million, which comprised 1.8% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately \$13.9 million, which comprised 3.7% of the total cost of our portfolio. Our non-accrual assets as of March 31, 2011 are as follows:

#### *Gerli and Company*

In November 2008, we placed our debt investment in Gerli and Company, or Gerli, on non-accrual status. As a result, under generally accepted accounting principles in the United States, or U.S. GAAP, we no longer recognize interest income on our debt investment in Gerli for financial reporting purposes. During 2008, we recognized an unrealized loss on our debt investment in Gerli of \$1.2 million and in the year ended December 31, 2009, we recognized an additional unrealized loss on our debt investment in Gerli of \$0.5 million. In the year ended December 31, 2010, we recognized an unrealized gain on our debt investment in Gerli of approximately \$0.7 million. During the quarter ended March 31, 2011, we restructured our investment in Gerli. As a result of

the restructuring, we received a new note from Gerli with a face amount of \$3.0 million and a fair value of approximately \$2.3 million and preferred stock with a liquidation preference of \$0.4 million. Under the terms of the new note, interest on the note is payable only if Gerli meets certain covenants, which they were not compliant with as of March 31, 2011. As of March 31, 2011, the fair value of our new debt investment in Gerli was \$2.3 million.

#### *Fire Sprinkler Systems, Inc.*

In October 2008, we placed our debt investment in Fire Sprinkler Systems, Inc., or Fire Sprinkler Systems, on non-accrual status. As a result, under U.S. GAAP, we no longer recognize interest income on our debt investment in Fire Sprinkler Systems for financial reporting purposes. During 2008, we recognized an unrealized loss of \$1.3 million on our subordinated note investment in Fire Sprinkler Systems. In each of the years ended December 31, 2009 and 2010, we recognized additional unrealized losses on our debt investment in Fire Sprinkler Systems of \$0.3 million. In the quarter ended March 31, 2011, we recorded an additional \$0.1 million unrealized loss on our debt investment. As of March 31, 2011, the cost of our debt investment in Fire Sprinkler Systems was \$2.8 million and the fair value of such investment was \$0.8 million.

#### *American De-Rosa Lamparts, LLC and Hallmark Lighting*

In 2008, we recognized an unrealized loss of \$1.2 million on our subordinated note investment in American De-Rosa Lamparts, LLC and Hallmark Lighting, or collectively, ADL. This unrealized loss reduced the fair value of our investment in ADL to \$6.9 million as of December 31, 2008. Through August 31, 2009, we continued to receive interest payments from ADL in accordance with the loan agreement. In September 2009, we received notification from ADL's senior lender that ADL was blocked from making interest payments to us. As a result, we placed our investment in ADL on non-accrual status and under U.S. GAAP, we no longer recognize interest income on our investment in ADL for financial reporting purposes. In the year ended December 31, 2009, we recognized an additional unrealized loss on our investment in ADL of \$3.2 million and in the first quarter of 2010, we recognized an unrealized gain on our investment in ADL of approximately \$0.1 million. In June 2010, we converted approximately \$3.0 million of our subordinated debt in ADL to equity as part of a restructuring, resulting in realized loss of approximately \$3.0 million. As of March 31, 2011, the cost of our investment in ADL was approximately \$5.2 million and the fair value of such investment was approximately \$4.0 million.

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### *FCL Graphics, Inc. 2nd Lien Note*

During the first eight months of 2009, we received cash interest on our 2nd Lien note in FCL Graphics, Inc., or FCL, at the stated contractual rate (20% per annum as of September 30, 2009). In September 2009, FCL did not make the scheduled interest payments on its 2nd Lien notes. As a result, we placed our 2nd Lien note in FCL on non-accrual status and therefore, under U.S. GAAP, we no longer recognized interest income on our 2nd Lien note investment in FCL for financial reporting purposes. In November 2009, we amended the terms of our note with FCL. The terms of the amendment provide for cash interest at a rate of LIBOR plus 250 basis points per annum and PIK interest at a rate of 8% per annum. In addition, we exchanged approximately \$0.4 million of unpaid PIK interest on our FCL 2nd Lien note for common equity in FCL Graphics, resulting in a \$0.4 million realized loss. While we are currently recognizing cash interest on our 2nd Lien investment in FCL, we have placed the PIK component of this note on non-accrual status. In the year ended December 31, 2009, we recognized an unrealized loss on our 2nd Lien note investment in FCL of approximately \$2.2 million and in the year ended December 31, 2010, we recognized an unrealized loss on our 2nd Lien note investment in FCL of approximately \$0.8 million. As of March 31, 2011, the cost of our 2nd Lien note investment in FCL was approximately \$3.0 million and the fair value of our 2nd Lien note investment in FCL was zero.

## **Results of Operations**

### ***Comparison of three months ended March 31, 2011 and March 31, 2010***

#### *Investment Income*

For the three months ended March 31, 2011, total investment income was \$12.4 million, a 66% increase from \$7.5 million of total investment income for the three months ended March 31, 2010. This increase was primarily attributable to a \$5.0 million increase in total loan interest, fee and dividend income (including PIK interest income) due to a net increase in our portfolio investments from March 31, 2010, to March 31, 2011, partially offset by a decrease in non-recurring fee income of approximately \$0.1 million. Non-recurring fee income was approximately \$0.5 million for the three months ended March 31, 2011 as compared to \$0.6 million for the three months ended March 31, 2010.

#### *Expenses*

For the three months ended March 31, 2011, expenses increased by 27% to \$4.7 million from \$3.7 million for the three months ended March 31, 2010. The increase in expenses was primarily attributable to a \$0.5 million increase in general and administrative expenses as a result of higher salary expenses due to an increase in employees and non-cash compensation expenses. In addition, the increase in expenses was also partially attributable to a \$0.2 million increase in amortization of deferred financing fees associated with the early repayment of certain SBA-guaranteed debentures in the first quarter of 2011 and a \$0.3 million increase in interest expense related to higher average balances of SBA-guaranteed debentures outstanding during the three months ended March 31, 2011 than in the comparable period in 2010.

#### *Net Investment Income*

As a result of the \$4.9 million increase in total investment income and the \$1.0 million increase in expenses, net investment income increased by 104% to \$7.7 million for the three months ended March 31, 2011 as compared to net investment income of \$3.8 million for the three months ended March 31, 2010.

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

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

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

As a result of these events, our net increase in net assets from operations was \$12.4 million for the three months ended March 31, 2011 as compared to a net increase in net assets from operations of \$4.1 million for the three months ended March 31, 2010.

### ***Comparison of year ended December 31, 2010 and December 31, 2009***

#### ***Investment Income***

For the year ended December 31, 2010, total investment income was \$36.0 million, a 30% increase from \$27.8 million of total investment income for the year ended December 31, 2009. This increase was primarily attributable to a \$7.6 million increase in total loan interest, fee and dividend income and a \$0.9 million increase in total PIK interest income due to a net increase in our portfolio investments from December 31, 2009 to December 31, 2010, partially offset by a \$0.3 million decrease in interest income from cash and cash equivalent investments due to a decrease in average cash balances in 2010 over 2009 due to the increased deployment of cash for purchases of portfolio investments. Non-recurring fee income was \$2.6 million for the year ended December 31, 2010 as compared to \$0.8 million for the year ended December 31, 2009.

#### ***Expenses***

For the year ended December 31, 2010, expenses increased by 15% to \$15.8 million from \$13.7 million for the year ended December 31, 2009. The increase in expenses was primarily attributable to a \$1.2 million increase in general and administrative expenses as a result of higher salary expenses during 2010 due to an increase in employees and non-cash compensation expenses. The increase in expenses was also attributable to a \$0.4 million increase in amortization of deferred financing fees associated with the early repayment of certain SBA guaranteed debentures in the third quarter of 2010 and a \$0.4 million increase in interest expense as a result of higher average balances of SBA-guaranteed debentures outstanding during the year ended December 31, 2010 than in the same period in 2009.

#### ***Net Investment Income***

As a result of the \$8.2 million increase in total investment income and the \$2.1 million increase in expenses, net investment income for the year ended December 31, 2010 was \$20.1 million compared to net investment income of \$14.0 million during the year ended December 31, 2009.

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

For the year ended December 31, 2010, we realized a gain on the sale of one affiliate investment of approximately \$3.6 million, gains on the sales of two non-control/non-affiliate investments totaling approximately \$0.5 million, a realized loss on the partial conversion of one non-control/non-affiliate debt investment to equity of approximately \$3.0 million, a realized loss on the conversion of one affiliate debt investment to equity of approximately \$7.4 million, and a realized gain of \$0.9 million on the repayment of a convertible note from another non-control/non-affiliate investment. In addition, during the year ended December 31, 2010, we recorded net unrealized appreciation of investments totaling approximately \$10.9 million, comprised of 1) unrealized appreciation on 19 investments totaling approximately \$18.6 million,

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2) unrealized depreciation on 18 investments totaling approximately \$13.9 million and 3) \$6.2 million in net unrealized appreciation reclassification adjustments related to the realized gains and realized loss noted above.

For the year ended December 31, 2009, total net realized gains on non-control/non-affiliate investments was approximately \$0.4 million, which consisted of realized gains on the sales of two investments totaling approximately \$1.8 million, partially offset by realized losses on the restructuring of two other investments totaling approximately \$1.3 million. In addition, in the year ended December 31, 2009, we recorded net unrealized depreciation of investments, net of income taxes, in the amount of \$10.3 million, comprised primarily of 1) unrealized depreciation on 15 investments totaling approximately \$17.4 million, 2) unrealized appreciation, net of tax, on 13 other investments totaling approximately \$7.3 million, and 3) net unrealized depreciation reclassification adjustments of approximately \$0.2 million related to the realized losses on non-control/non-affiliate investments.

As a result of these events, our net increase in net assets from operations during the year ended December 31, 2010 was \$25.4 million as compared to \$4.0 million for the year ended December 31, 2009.

### ***Comparison of year ended December 31, 2009 and December 31, 2008***

#### *Investment Income*

For the year ended December 31, 2009, total investment income was \$27.8 million, a 30% increase from \$21.4 million of total investment income for the year ended December 31, 2008. This increase was primarily attributable to a \$4.8 million increase in total loan interest, fee and dividend income and a \$1.3 million increase in total payment in kind interest income due to a net increase in our portfolio investments from December 31, 2008 to December 31, 2009, and a \$0.3 million increase in interest income from cash and cash equivalent investments due to an increase in average cash balances in 2009 over the 2008 due to proceeds from our secondary offerings of common stock. Non-recurring fee income was \$0.8 million for the year ended December 31, 2009 as compared to \$0.7 million for the year ended December 31, 2008.

#### *Expenses*

For the year ended December 31, 2009, expenses increased by 28% to \$13.7 million from \$10.7 million for the year ended December 31, 2008. The increase in expenses was primarily attributable to a \$2.7 million increase in interest expense. The increase in interest expense is related to higher average balances of SBA-guaranteed debentures outstanding during the year ended December 31, 2009 than in the comparable period in 2008. In addition, during 2008, a significant portion of our outstanding SBA-guaranteed debentures were bearing interest at interim (pre-pooling) interest rates, which are generally lower than the fixed pooled interest rates. During 2009, these debentures bore interest at the higher fixed rates resulting in increased interest expense.

#### *Net Investment Income*

As a result of the \$6.4 million increase in total investment income and the \$3.0 million increase in expenses, net investment income for the year ended December 31, 2009 was \$14.0 million compared to net investment income of \$10.6 million during the year ended December 31, 2008.

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

For the year ended December 31, 2009, total net realized gains on non-control/non-affiliate investments was approximately \$0.4 million, which consisted of realized gains on the sales of two investments totaling approximately \$1.8 million, partially offset by realized losses on the restructuring of two other investments totaling approximately \$1.3 million. For the year ended December 31, 2008, total net realized gains on investments totaled approximately \$1.4 million. Net realized gain on control investments for the year ended



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December 31, 2008 was \$2.8 million, which consisted of a realized gain on one investment. For the year ended December 31, 2008, net realized loss on non-control/non-affiliate investments was \$1.4 million, which consisted of a realized loss on the writeoff of one investment of \$1.5 million and a realized gain on one investment of \$0.1 million.

In the year ended December 31, 2009, we recorded net unrealized depreciation of investments, net of income taxes, in the amount of \$10.3 million, comprised primarily of unrealized depreciation on 15 investments totaling approximately \$17.4 million and unrealized appreciation, net of tax, on 13 other investments totaling approximately \$7.3 million. In addition, we recorded net unrealized depreciation reclassification adjustments of approximately \$0.2 million related to the realized losses on non-control/non-affiliate investments noted above. In the year ended December 31, 2008, we recorded net unrealized depreciation of investments, net of income taxes, in the amount of \$4.3 million, comprised partially of net unrealized depreciation reclassification adjustments of approximately \$1.2 million related to the realized gain on control investments and the realized losses on non-control/non-affiliate investments noted above. In addition, in the year ended December 31, 2008, we recorded unrealized appreciation, net of tax, on eleven other investments totaling \$5.6 million and unrealized depreciation on 17 investments totaling \$8.6 million.

As a result of these events, our net increase in net assets from operations during the year ended December 31, 2009 was \$4.0 million as compared to \$7.6 million for the year ended December 31, 2008.

### ***Liquidity and Capital Resources***

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

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

### ***Cash Flows***

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

For the three months ended March 31, 2010, we experienced a net decrease in cash and cash equivalents in the amount of \$11.9 million. During that period, our operating activities used \$8.2 million in cash, consisting primarily of new portfolio investments of \$14.1 million, partially offset by repayments received from portfolio companies of \$6.5 million. In addition, we used \$3.7 million of cash in financing activities, consisting primarily of cash dividends paid in the amount of \$3.6 million. At March 31, 2010, we had \$43.3 million of cash and cash equivalents on hand.

For the year ended December 31, 2010, we experienced a net decrease in cash and cash equivalents in the amount of \$0.4 million. During that period, our operating activities used \$97.5 million in cash, consisting primarily of new portfolio investments of \$173.6 million, partially offset by repayments of loans received and

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proceeds from sales of investments of \$54.9 million. In addition, financing activities provided \$97.1 million of cash, consisting primarily of proceeds from a public stock offering of \$41.2 million, borrowings under SBA guaranteed debentures payable of \$102.8 million, offset by cash dividends paid in the amount of \$20.9 million, repayments of SBA guaranteed debentures of \$22.3 million and financing fees paid in the amount of \$3.5 million. At December 31, 2010, we had \$54.8 million of cash and cash equivalents on hand.

For the year ended December 31, 2009, we experienced a net increase in cash and cash equivalents in the amount of \$28.0 million. During that period, our operating activities used \$13.4 million in cash, consisting primarily of new portfolio investments of \$48.5 million, partially offset by net investment income of \$14.0 million and repayments of loans received and proceeds from sales of investments of \$21.4 million. We generated \$41.4 million of cash from financing activities, consisting of proceeds from public offerings of \$47.3 million and proceeds from borrowings under SBA guaranteed debentures payable of \$6.8 million, offset by financing fees paid of \$0.4 million and cash dividends paid of \$12.3 million. At December 31, 2009, we had \$55.2 million of cash and cash equivalents on hand.

For the year ended December 31, 2008, we experienced a net increase in cash and cash equivalents in the amount of \$5.4 million. During that period, our operating activities used \$60.6 million in cash, consisting primarily of new portfolio investments of \$93.1 million, partially offset by repayments of loans received and proceeds from sales of investments of \$21.0 million. We generated \$66.1 million of cash from financing activities, consisting of proceeds from borrowings under SBA guaranteed debentures payable of \$78.1 million, offset by financing fees paid of \$2.8 million and cash dividends paid of \$9.2 million. At December 31, 2008, we had \$27.2 million of cash and cash equivalents on hand.

### *Financing Transactions*

Due to Triangle SBIC and Triangle SBIC II's status as licensed SBICs, Triangle SBIC and Triangle SBIC II have the ability to issue debentures guaranteed by the SBA at favorable interest rates. Under the Small Business Investment Act and the SBA rules applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time debentures guaranteed by the SBA up to two times (and in certain cases, up to three times) the amount of its regulatory capital, which generally is the amount raised from private investors. The maximum statutory limit on the dollar amount of outstanding debentures guaranteed by the SBA issued by a single SBIC is currently \$150.0 million and by a group of SBICs under common control is \$225.0 million. Debentures guaranteed by the SBA have a maturity of ten years, with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity but may be pre-paid at any time. 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.

As of March 31, 2011, Triangle SBIC has issued \$140.5 million of SBA-guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2011, Triangle SBIC II has issued \$75.0 million in face amount of SBA-guaranteed debentures. In addition to the one-time 1.0% reservation fee on the total leverage commitment from the SBA, the Company also pays a one-time 2.425% fee on the amount of each debenture issued (2.0% for SBA LMI debentures). These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rate for all SBA-guaranteed debentures as of March 31, 2011 was 4.80%. The weighted average interest rate as of March 31, 2011 included \$205.0 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 4.97% and \$9.6 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.29%.

### *Distributions to Stockholders*

We have elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended, or the "Code," and intend to make the required distributions to our stockholders as specified therein. In order to qualify as a RIC and to obtain RIC tax benefits, we must meet certain minimum distribution, source-of-

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income and asset diversification requirements. If such requirements are met, then we are generally required to pay income taxes only on the portion of our taxable income and gains we do not distribute (actually or constructively) and certain built-in gains. We met our minimum distribution requirements for 2010, 2009, 2008 and 2007 and continually monitor our distribution requirements with the goal of ensuring compliance with the Code.

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

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. We may be required to recognize ICTI in certain circumstances in which we do not receive cash. For example, if we hold debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), we must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by us in the same taxable year. We may also have to include in ICTI other amounts that we have not yet received in cash, such as 1) PIK interest income and 2) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in our ICTI for the year of accrual, we may be required to make a distribution to our stockholders in order to satisfy the minimum distribution requirements, even though we will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

### *Current Market Conditions*

Beginning in 2008, the debt and equity capital markets in the United States were severely impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broadly syndicated bank loan market, among other factors. These events, along with the deterioration of the housing market, led to an economic recession in the U.S. and abroad. Banks, investment companies and others in the financial services industry reported significant write-downs in the fair value of their assets, which led to the failure of a number of banks and investment companies, a number of distressed mergers and acquisitions, the government take-over of the nation's two largest government-sponsored mortgage companies, the passage of the \$700 billion Emergency Economic Stabilization Act of 2008 in October 2008 and the passage of the American Recovery and Reinvestment Act of 2009, or the Stimulus Bill, in February 2009. These events significantly impacted the financial and credit markets and reduced the availability of debt and equity capital for the market as a whole, and for financial firms in particular. Notwithstanding recent gains across both the equity and debt markets, these conditions may reoccur in the future and could then continue for a prolonged period of time. Although we have been able to secure access to additional liquidity, including our recent public stock offering, and increased leverage available through the SBIC program as a result of the Stimulus Bill, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

### **Recent Developments**

In April 2011, the Company invested \$5.0 million in The Main Resource, or TMR, consisting of subordinated debt with warrants. TMR is a supplier of aftermarket automotive parts. Under the terms of the investments, TMR will pay interest on the subordinated debt at a rate of 14.0% per annum.

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In April 2011, the Company invested \$4.0 million in subordinated debt, \$1.0 million in junior subordinated debt with warrants and \$0.3 million in equity of Main Street Gourmet, or MSG. MSG is a provider of bakery items primarily for retail and foodservice companies. Under the terms of the investments, MSG will pay interest on the subordinated debt and junior subordinated debt at a rate of 16.5% and 10%, respectively, per annum.

In May 2011, we recognized a realized gain of approximately \$12.2 million related to the sale of certain assets of Fischbein, LLC.

In May 2011, we entered into an agreement for a three-year senior secured credit facility with an initial committed amount of \$50.0 million. The Credit Facility has an accordion feature which allows for an increase in the total loan size up to \$90.0 million. The Credit Facility is scheduled to mature on May 8, 2014 and is subject to two one-year extension options bringing the total potential commitment and funding period to five years from closing. Branch Banking and Trust Company acts as the agent for the Facility and BB&T Capital Markets and Fifth Third Bank acted as joint lead arrangers for the Credit Facility.

In June 2011, the Company invested \$8.0 million in senior subordinated debt of PowerDirect Marketing, LLC ("PowerDirect"). PowerDirect is a leader in integrated front door marketing services and also designs and manages cost-effective energy efficiency programs across the U.S. Under the terms of the investment, Power Direct will pay interest on the senior subordinated debt at a rate of 15.0% per annum.

### **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 in accordance with FASB Accounting Standards Codification, or ASC, Topic 820, *Fair Value Measurements and Disclosures*, or ASC Topic 820. ASC Topic 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. As discussed below, we have engaged an independent valuation firm to assist us in our valuation process.

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

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

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

Level 3 — inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

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

We evaluate the investments in portfolio companies using the most recently available portfolio company financial statements and forecasts. We also consult with the portfolio company's senior management to obtain further updates on the portfolio company's performance, including information such as industry trends, new product development and other operational issues. Additionally, we consider some or all of the following factors:

- financial standing of the issuer of the security;
- comparison of the business and financial plan of the issuer with actual results;
- the size of the security held as it relates to the liquidity of the market for such security;
- pending public offering of common stock by the issuer of the security;
- pending reorganization activity affecting the issuer, such as merger or debt restructuring;
- ability of the issuer to obtain needed financing;
- changes in the economy affecting the issuer;
- financial statements and reports from portfolio company senior management and ownership;
- the type of security, the security's cost at the date of purchase and any contractual restrictions on the disposition of the security;
- discount from market value of unrestricted securities of the same class at the time of purchase;
- special reports prepared by analysts;
- information as to any transactions or offers with respect to the security and/or sales to third parties of similar securities;

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- 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 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, management utilizes an "income approach" model that considers factors including, but not limited to, (i) the portfolio investment's current risk rating, (ii) the portfolio company's current trailing twelve months', or TTM, results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's anticipated results for the next twelve months of operations, (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and (v) when management believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt.

In valuing equity securities of private companies, we consider valuation methodologies consistent with industry practice, including but not limited to (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) publicly available information regarding the valuation of the securities based on recent sales in comparable transactions of private companies and (iii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and the market multiple of their equity securities.

Duff & Phelps, LLC, or 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 addition, we generally request Duff & Phelps to perform the procedures on a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to request Duff & Phelps to perform the procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in the portfolio company is determined to be insignificant relative to our total investment portfolio.

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

<b>For the Quarter Ended:</b>	<b>Total Companies</b>	<b>Percent of Total Investments at Fair Value(1)</b>
March 31, 2008	6	35%
June 30, 2008	5	18%
September 30, 2008	8	29%
December 31, 2008	8	34%
March 31, 2009	7	26%
June 30, 2009	6	20%
September 30, 2009	7	24%
December 31, 2009	8	40%
March 31, 2010	7	25%
June 30, 2010	8	29%
September 30, 2010	8	26%
December 31, 2010	9	29%
March 31, 2011	11	34%

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

Upon completion of the procedures, Duff & Phelps concluded that the fair value, as determined by the Board of Directors, of those investments subjected to the procedures did not appear to be unreasonable. Our Board of Directors is ultimately and solely responsible for determining the fair value of our investments in good faith.

### ***Revenue Recognition***

#### *Interest and Dividend Income*

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

#### *Fee Income*

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

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### *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 periodically added to the principal balance of the loan, rather than being paid to us in cash, and is recorded as interest income. Thus, the actual collection of PIK interest may be deferred until the time of debt principal repayment.

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

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

### ***Recently Issued Accounting Standards***

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

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

We currently have no off-balance sheet arrangements.

### ***Quantitative and Qualitative Disclosures About Market Risk.***

The recent economic recession may continue to impact the broader financial and credit markets and may continue to reduce the availability of debt and equity capital for the market as a whole and financial firms in particular. This reduction in spending has had an adverse effect on a number of the industries in which some of our portfolio companies operate, and on certain of our portfolio companies as well.

During 2009, we experienced write-downs in our portfolio, several of which were due to declines in the operating performance of certain portfolio companies. During 2010, we experienced a \$10.9 million increase in the fair value of our investment portfolio related to unrealized appreciation of investments and in the first quarter of 2011, we experienced a \$4.6 million increase in the fair value of our investment portfolio related to unrealized appreciation of investments.



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As of March 31, 2011, the fair value of our non-accrual assets was approximately \$7.1 million, which comprised approximately 1.8% of the total fair value of our portfolio, and the cost of our non-accrual assets was approximately \$13.9 million, or 3.7% of the total cost of our portfolio. In addition to these non-accrual assets, as of March 31, 2011, we had, on a fair value basis, approximately \$10.1 million of debt investments, or 2.6% of the total fair value of our portfolio, which were current with respect to scheduled principal and interest payments, but which were carried at less than cost. The cost of these assets as of March 31, 2011 was approximately \$11.9 million, or 3.1% of the total cost of our portfolio.

While the equity and debt markets have recently improved, these stressed conditions may continue for a prolonged period of time or worsen in the future. In the event that the economy deteriorates further, the financial position and results of operations of certain of the middle-market companies in our portfolio could be further affected adversely, which ultimately could lead to difficulty in our portfolio companies meeting debt service requirements and lead to an increase in defaults. There can be no assurance that the performance of our portfolio companies will not be further impacted by economic conditions, which could have a negative impact on our future results.

In addition, we are subject to interest rate risk. Interest rate risk is defined as the sensitivity of our current and future earnings to interest rate volatility, variability of spread relationships, the difference in re-pricing intervals between our assets and liabilities and the effect that interest rates may have on our cash flows. Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest earning assets and our interest expense incurred in connection with our interest bearing debt and liabilities. Changes in interest rates can also affect, among other things, our ability to acquire and originate loans and securities and the value of our investment portfolio. Our investment income is affected by fluctuations in various interest rates, including LIBOR and prime rates. We regularly measure exposure to interest rate risk and determine whether or not any hedging transactions are necessary to mitigate exposure to changes in interest rates. As of March 31, 2011, we were not a party to any hedging arrangements.

As of March 31, 2011, approximately 96.7%, or \$327.7 million of our debt portfolio investments bore interest at fixed rates and approximately 3.3%, or \$11.2 million of our debt portfolio investments bore interest at variable rates, which are either Prime-based or LIBOR-based. A 200 basis point increase or decrease in the interest rates on our variable-rate debt investments would increase or decrease, as applicable, our investment income by approximately \$0.2 million on an annual basis. All of our pooled SBA-guaranteed debentures bear interest at fixed rates.

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

### ***Related Party Transactions***

During the three years ending December 31, 2010 and the quarter ended March 31, 2011, there were no related party transactions between Triangle Capital Corporation and any of its subsidiaries.

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As of December 31, 2010, our future fixed commitments for cash payments are as follows:

	Total	2011	2012 to 2013	2014 to 2015	2016 and Thereafter
SBA guaranteed debentures payable	\$ 202,464,866	\$ —	\$ —	\$ 9,500,000	\$ 192,964,866
Interest due on SBA guaranteed debentures payable(1)	58,922,193	7,317,093	14,395,178	14,375,485	22,834,437
Unused commitments to extend credit(2)	5,100,000	5,100,000	—	—	—
Operating lease payments(3)	883,704	287,805	595,899	—	—
Total	<u>\$ 267,370,763</u>	<u>\$ 12,704,898</u>	<u>\$ 14,991,077</u>	<u>\$ 23,875,485</u>	<u>\$ 215,799,303</u>

- (1) As of December 31, 2010 we had \$63.4 million of un-pooled SBA guaranteed debentures payable. Because these debentures are un-pooled we do not have a fixed interest rate on the debentures at this time. As a result, we have not included any estimated interest for the \$63.4 million in un-pooled debentures as interest due on the SBA guaranteed debentures payable in this table.
- (2) We have a commitment to extend credit, in the form of loans and additional equity contributions, to one of our portfolio companies which is undrawn as of December 31, 2010. Since this commitment may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements, however we have chosen to present the amount of this unused commitment as an obligation in this table.
- (3) We lease our corporate office facility under an operating lease that terminates on December 31, 2013. We believe that our existing facilities will be adequate to meet our needs at least through 2011, and that we will be able to obtain additional space when, where and as needed on acceptable terms.

## SENIOR SECURITIES

Information about our senior securities is shown in the following table as of December 31, 2010 and for the years indicated in the table, unless otherwise noted. Ernst & Young LLP's report on the senior securities table as of December 31, 2010 is attached as an exhibit to the registration statement of which this prospectus is a part.

<u>Class and Year</u>	<u>Total Amount Outstanding Exclusive of Treasury Securities(a) (Dollars in thousands)</u>	<u>Asset Coverage per Unit(b)</u>	<u>Involuntary Liquidating Preference per Unit(c)</u>	<u>Average Market Value per Unit(d)</u>
<i>SBA guaranteed debentures payable</i>				
2003	\$ —	—	—	N/A
2004	17,700	1,283	—	N/A
2005	31,800	1,357	—	N/A
2006	31,800	1,791	—	N/A
2007	37,010	3,526	—	N/A
2008	115,110	1,794	—	N/A
2009	121,910	2,059	—	N/A
2010	202,465	1,891	—	N/A

- (a) Total amount of each class of senior securities outstanding at the end of the period presented.
- (b) Asset coverage per unit is the ratio of the carrying value of our total consolidated assets, less all liabilities and indebtedness not represented by senior securities, to the aggregate amount of senior securities representing indebtedness. Asset coverage per unit is expressed in terms of dollar amounts per \$1,000 of indebtedness.
- (c) The amount to which such class of senior security would be entitled upon the involuntary liquidation of the issuer in preference to any security junior to it. The “—” indicates information which the Securities and Exchange Commission expressly does not require to be disclosed for certain types of senior securities.
- (d) Not applicable because senior securities are not registered for public trading.

## BUSINESS

Triangle Capital Corporation is a specialty finance company that provides customized financing to lower middle market companies located throughout the United States. Our goal is to be the premier provider of capital to these companies. Our investment objective is to seek attractive returns by generating current income from our debt investments and capital appreciation from our equity related investments. Our investment philosophy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest primarily in subordinated debt securities secured by second lien security interests in portfolio company assets, coupled with equity interests. On a more limited basis, we also invest in senior debt securities secured by first lien security interests in portfolio companies.

We focus on investments in companies with a history of generating revenues and positive cash flow, 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 \$100.0 million and EBITDA between \$3.0 and \$20.0 million. We believe that these companies have less access to capital and that the market for such capital is underserved relative to larger companies. Companies of this size are generally privately held and are less well known to traditional capital sources such as commercial and investment banks.

Our investments generally range from \$5.0 to \$15.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments. We are continuing to operate Triangle SBIC and Triangle SBIC II as SBICs and to utilize the proceeds of the sale of SBA guaranteed debentures, referred to herein as SBA leverage, to enhance returns to our stockholders. As of March 31, 2011, we had investments in 53 portfolio companies, with an aggregate cost of \$377.4 million.

### Our Business Strategy

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

- *Focusing on Underserved Markets.* We believe that broad-based consolidation in the financial services industry coupled with operating margin and growth pressures have caused financial institutions to de-emphasize services to lower middle market companies in favor of larger corporate clients and capital market transactions. We believe these dynamics have resulted in the financing market for lower middle market companies to be underserved, providing us with greater investment opportunities.
- *Providing Customized Financing Solutions.* We offer a variety of financing structures and have the flexibility to structure our investments to meet the needs of our portfolio companies. Typically we invest in subordinated debt securities, coupled with equity interests. We believe our ability to customize financing arrangements makes us an attractive partner to lower middle market companies.
- *Leveraging the Experience of Our Management Team.* Our senior management team has extensive experience advising, investing in, lending to and operating companies across changing market cycles. The members of our management team have diverse investment backgrounds, with prior experience at investment banks, commercial banks, and privately and publicly held companies in the capacity of executive officers. We believe this diverse experience provides us with an in depth understanding of the strategic, financial and operational challenges and opportunities of lower middle market companies. We believe this understanding allows us to select and structure better investments and to efficiently monitor and provide managerial assistance to our portfolio companies.
- *Applying Rigorous Underwriting Policies and Active Portfolio Management.* Our senior management team has implemented rigorous underwriting policies that are followed in each transaction. These policies include a thorough analysis of each potential portfolio company's competitive position, financial performance, management team operating discipline, growth potential and industry attractiveness, which

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we believe allows us to better assess the company's prospects. After investing in a company, we monitor the investment closely, typically receiving monthly, quarterly and annual financial statements. We analyze and discuss in detail the company's financial performance with management in addition to participating in regular board of directors meetings. We believe that our initial and ongoing portfolio review process allows us to monitor effectively the performance and prospects of our portfolio companies.

- *Taking Advantage of Low Cost Debentures Guaranteed by the SBA* . Our SBIC subsidiaries' licenses to do business as SBICs allow us to issue fixed-rate, low interest debentures which are guaranteed by the SBA and sold in the capital markets, potentially allowing us to increase our net interest income beyond the levels achievable by other BDCs utilizing traditional leverage.
- *Maintaining Portfolio Diversification*. While we focus our investments in lower middle market companies, we seek to invest across various industries. We monitor our investment portfolio to ensure we have acceptable industry balance, using industry and market metrics as key indicators. By monitoring our investment portfolio for industry balance we seek to reduce the effects of economic downturns associated with any particular industry or market sector. However, we may from time to time hold securities of a single portfolio company that comprise more than 5.0% of our total assets and/or more than 10.0% of the outstanding voting securities of the portfolio company. For that reason, we are classified as a non-diversified management investment company under the 1940 Act.
- *Utilizing Long-Standing Relationships to Source Deals*. Our senior management team maintains extensive relationships with entrepreneurs, financial sponsors, attorneys, accountants, investment bankers, commercial bankers and other non-bank providers of capital who refer prospective portfolio companies to us. These relationships historically have generated significant investment opportunities. We believe that our network of relationships will continue to produce attractive investment opportunities.

### **Our Investment Criteria**

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

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

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- *Significant Invested Capital.* We believe the existence of significant underlying equity value provides important support to investments. We will look for portfolio companies that we believe have sufficient value beyond the layer of the capital structure in which we invest.

## **Investments**

### ***Debt Investments***

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

We primarily invest in subordinated notes and invest in senior secured debt on a more limited basis. Subordinated notes are junior to senior secured debt. Our subordinated debt investments and senior secured debt investments generally have terms of three to seven years. Our subordinated debt investments generally provide for fixed interest rates between 12.0% and 17.0% per annum and our senior secured debt investments generally provide for variable interest at rates ranging from LIBOR plus 350 basis points to LIBOR plus 950 basis points per annum. Our subordinated note investments generally are secured by a second priority security interest in the assets of the borrower and generally include an equity component, such as warrants to purchase common stock in the portfolio company. In addition, certain loan investments may have a form of interest that is not paid currently but is accrued and added to the loan balance and paid at the end of the term, referred to as payment-in-kind, or PIK interest. In our negotiations with potential portfolio companies we generally seek to minimize PIK interest as we have to pay out such accrued interest as distributions to our stockholders, and we may have to borrow money or raise additional capital in order to meet the requirement of having to pay out at least 90.0% of our taxable income to continue to qualify as a Regulated Investment Company, or RIC, for U.S. federal income tax purposes. At March 31, 2011, the weighted average yield on our outstanding debt investments other than non-accrual debt investments (including PIK interest) was approximately 15.2%. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments but excluding non-accrual debt investments) was approximately 13.9% as of March 31, 2011. The weighted average yield on all of our outstanding investments (including equity and equity-linked investments and non-accrual debt investments) was approximately 13.3% as of March 31, 2011.

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

### ***Equity Investments***

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

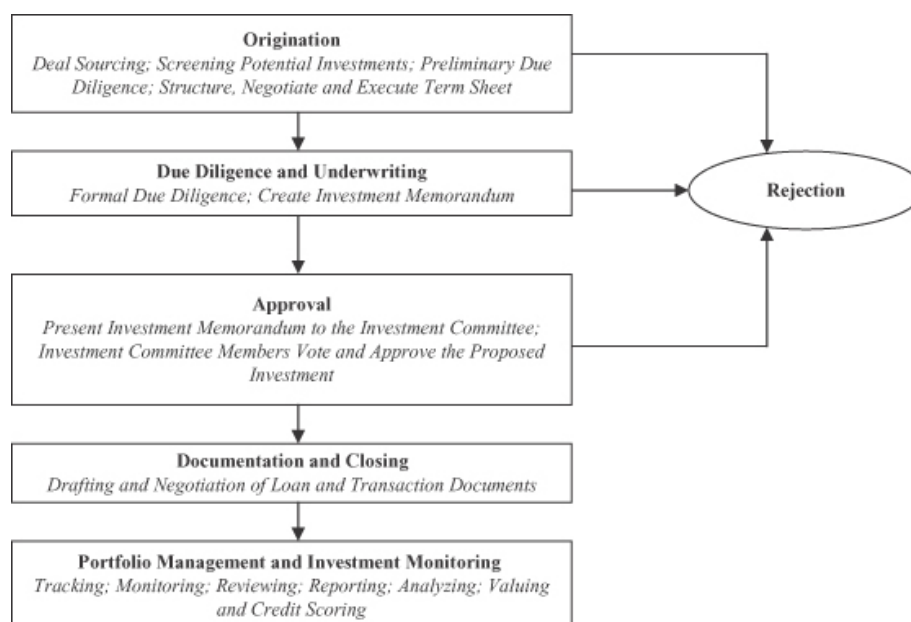
## Investment Process

Triangle Capital Corporation has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle Capital Corporation or any of its subsidiaries, other than investments made by Triangle SBIC and Triangle SBIC II. The members of the Triangle Capital Corporation investment committee are Messrs. Garland S. Tucker III, Brent P.W. Burgess, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan and David F. Parker.

Triangle SBIC has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC. The members of the Triangle SBIC investment committee are Messrs. Garland S. Tucker III, Brent P.W. Burgess, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan and David F. Parker. Triangle SBIC II has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC II. The members of Triangle SBIC II's investment committee are Messrs. Garland S. Tucker, III, Brent P.W. Burgess, Steven C. Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, and Cary B. Nordan. For purposes of the discussion herein, any reference to the "investment committee" refers to the investment committee of Triangle Capital Corporation, the investment committee of Triangle SBIC and the investment committee of Triangle SBIC II. Our investment committee meets once a week but also meets on an as needed basis depending on transaction volume. Our investment committee has organized our investment process into five distinct stages:

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

Our investment process is summarized in the following chart:



### ***Origination***

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

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

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

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

### ***Due Diligence and Underwriting***

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

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

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

### ***Approval***

The underwriting team for the proposed investment presents the Investment Memorandum to our investment committee for consideration and approval. After reviewing the Investment Memorandum, members of the



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investment committee may request additional due diligence or modify the proposed financing structure or terms of the proposed investment. Before we proceed with any investment, the investment committee must approve the proposed investment. Upon receipt of transaction approval, the underwriting team proceeds to document the transaction.

### ***Documentation and Closing***

The underwriting team is responsible for all documentation related to investment closings. In addition, we rely on law firms with whom we have worked on multiple transactions to help us complete the necessary documentation associated with transaction closings. If a transaction changes materially from what was originally approved by the investment committee, the underwriting team requests a formal meeting of the investment committee to communicate the contemplated changes. The investment committee has the right to approve the amended transaction structure, to suggest alternative structures or not to approve the contemplated changes.

### ***Portfolio Management and Investment Monitoring***

Our investment professionals generally employ several methods of evaluating and monitoring the performance of our portfolio companies, which, depending on the particular investment, may include the following specific processes, procedures and reports:

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

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

### ***Investment Rating System***

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

As part of our valuation procedures we assign an investment rating to all of our investments in debt securities. Our investment rating system uses a scale of 0 to 10, with 10 being the lowest probability of default and principal loss. This system is used to estimate the probability of default on our debt securities and the probability of loss if there is a default. The system is also used to assist us in estimating the fair value of equity related securities. These types of systems are referred to as risk rating systems and are also used by banks and rating agencies. Our risk rating system covers both qualitative and quantitative aspects of the business and the securities we hold.

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Each portfolio company debt investment is rated based upon the following numeric investment rating system:

Investment Rating	Description
10	Investment is performing above original expectations and possibly 30.0% or more above original projections provided by the portfolio company. Investment has been positively influenced by an unforeseen external event. Full return of principal and interest is expected. Capital gain is expected.
9	Investment is performing above original expectations and possibly 30.0% or more above original projections provided by the portfolio company. Investment may have been or is soon to be positively influenced by an unforeseen external event. Full return of principal and interest is expected. Capital gain is expected.
8	Investment is performing above original expectations and possibly 21.0% to 30.0% above original projections provided by the portfolio company. Full return of principal and interest is expected. Capital gain is expected.
7	Investment is performing above original expectations and possibly 11.0% to 20.0% above original projections provided by the portfolio company. Full return of principal and interest is expected. Depending on age of transaction, potential for capital gain exists.
6	Investment is performing above original expectations and possibly 5.0% to 10.0% above original projections provided by the portfolio company. Full return of principal and interest is expected. Depending on age of transaction, potential for capital gain exists.
5	Investment is performing in line with expectations. Full return of principal and interest is expected. Depending on age of transaction, potential for nominal capital gain may be expected.
4	Investment is performing below expectations, but no covenant defaults have occurred. Full return of principal and interest is expected. Little to no capital gain is expected.
3	Investment is in default of transaction covenants but interest payments are current. No loss of principal is expected.
2	Investment is in default of transaction covenants and interest (and possibly principal) payments are not current. A principal loss of between 1.0% and 33.0% is expected.
1	Investment is in default of transaction covenants and interest (and possibly principal) payments are not current. A principal loss of between 34.0% and 67.0% is expected.
0	Investment is in default and a principal loss of between 68.0% and 100.0% is expected.

## Valuation Process and Determination of Net Asset Value

### Valuation Process

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. We have established and documented processes and methodologies for determining the fair values of portfolio company investments on a recurring (quarterly) basis in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles and expands disclosures about fair value measurements. As discussed below, we have engaged an independent valuation firm to assist us in our valuation process.

ASC Topic 820 clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. ASC Topic 820 provides a consistent definition of fair value which focuses on exit price and prioritizes, within a measurement of fair value, the use of

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market-based inputs over entity-specific inputs. In addition, ASC Topic 820 provides a framework for measuring fair value, and establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of valuation hierarchy established by ASC Topic 820 are defined as follows:

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

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

*Level 3* — inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. We invest primarily in debt and equity instruments of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, we value all of our investments at fair value, as determined in good faith by our Board of Directors, using Level 3 inputs, as further described below. Due to the inherent uncertainty in the valuation process, our Board of Directors' estimate of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. For a discussion of the risks inherent in determining the value of securities for which readily available market values do not exist, see "Risk Factors — Risks Relating to Our Business and Structure — Our investment portfolio is and will continue to be recorded at fair value as determined in good faith by our Board of Directors and, as a result, there is and will continue to be uncertainty as to the value of our portfolio investments."

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;

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- 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 securing the investment;
- 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 any unamortized original issue discount, unamortized loan origination fees, and payment-in-kind (PIK) interest, if any. We also use the risk rating system discussed above under "Investment 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, (ii) the portfolio company's current trailing twelve months', or TTM, results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's anticipated results for the next twelve months of operations; (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and (v) when management believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt.

In valuing equity securities of private companies, we consider valuation methodologies consistent with industry practice, including but not limited to (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) valuation of the securities based on publicly available information regarding recent sales in comparable transactions of private companies and (iii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and the market multiple of their equity securities.

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

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

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

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twelve-month period subsequent to the initial investment. In addition, we generally request Duff & Phelps to perform the procedures on a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to request Duff & Phelps to perform the procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in the portfolio company is determined to be insignificant relative to our total investment portfolio. For a further discussion of Duff & Phelps' procedures, see the section entitled "Investment Valuation" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

### ***Quarterly Net Asset Value Determination***

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

### **Managerial Assistance**

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

### **Competition**

We compete for investments with a number of investment funds (including private equity funds, mezzanine funds and other SBICs) and BDCs, as well as traditional financial services companies such as commercial banks and other sources of financing. Many of these entities have greater financial and managerial resources than we do. We believe we compete with these entities primarily on the basis of our willingness to make smaller investments, the experience and contacts of our management team, our responsive and efficient investment analysis and decision-making processes, our comprehensive suite of customized financing solutions and the investment terms we offer.

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

Our competitors also do not always require equity components in their investments. For additional information concerning the competitive risks we face, see "Risk Factors — Risks Relating to Our Business and Structure — We operate in a highly competitive market for investment opportunities."

### **Employees**

At March 31, 2011, we employed seventeen individuals, including investment and portfolio management professionals, operations professionals and administrative staff. We expect to expand our management team and administrative staff in the future in proportion to our growth.

## **Properties**

We do not own any real estate or other physical properties materially important to our operation or any of our subsidiaries. Currently, we lease approximately 11,027 square feet of office space located at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612. We believe that our current facilities are adequate for our business as we intend to conduct it.

## **Legal Proceedings**

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, neither we nor any of our subsidiaries are currently a party to any pending material legal proceedings.

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## PORTFOLIO COMPANIES

The following table sets forth certain information as of March 31, 2011 for each portfolio company in which we had a debt or equity investment. Other than these investments, our only relationships with our portfolio companies involve the managerial assistance we may separately provide to our portfolio companies, such services being ancillary to our investments, and the board observer or participation rights we may receive.

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
<b><u>Non-Control / Non-Affiliate Investments:</u></b>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (2%)* 620 West Baldwin Road Panama City, FL 32405	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13) Common Stock-PHM (128,571 shares) Common Stock Warrants-AA (455 shares)	\$ 4,195,389	\$ 4,160,551	\$ 4,160,551
				128,571	128,571
				142,361	1,306,000
			4,195,389	4,431,483	5,595,122
Ann's House of Nuts, Inc. (4%)* 1 Market Plaza 24th Floor San Francisco, CA 94105	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17) Preferred A Units (22,368 units) Preferred B Units (10,380 units) Common Units (190,935 units) Common Stock Warrants (14,558 shares)	7,027,416	6,631,493	6,631,493
				2,124,957	2,124,957
				986,059	986,059
				150,000	150,000
				14,558	14,558
			7,027,416	9,907,067	9,907,067
Assurance Operations Corporation (0%)* 9341 Highway 43 Killen, AL 35645	Metal Fabrication	Common Stock (517 Shares)		516,867	523,400
				516,867	523,400
Botanical Laboratories, Inc. (4%)* 1441 West Smith Road Ferndale, WA 98248	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, 1% PIK, Due 02/15) Common Unit Warrants (998,680)	10,429,678	9,802,439	9,802,439
				474,600	—
			10,429,678	10,277,039	9,802,439
Capital Contractors, Inc. (4%)* 88 Duryea Rd. Melville, NY 11747	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) Common Stock Warrants (20 shares)	9,046,079	8,399,088	8,399,088
				492,000	492,000
			9,046,079	8,891,088	8,891,088
Carolina Beer and Beverage, LLC (5%)* 110 Barley Park Lane Mooresville, NC 28115	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16) Class A Units (11,974 Units) Class B Units (11,974 Units)	12,993,885	12,760,206	12,760,206
				1,077,615	799,400
				119,735	—
			12,993,885	13,957,556	13,559,606
CRS Reprocessing, LLC (9%)* 13551 Triton Park Blvd. Louisville, KY 40223	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15) Subordinated Note (10% Cash, 4% PIK, Due 11/15) Common Unit Warrant (508 Units)	11,185,210	10,783,135	10,783,135
			10,685,609	9,729,313	9,729,313
				1,078,456	1,412,500
			21,870,819	21,590,904	21,924,948
CV Holdings, LLC (5%)* 1030 Riverfront Center Amsterdam, NY 12010	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Royalty rights	11,802,569	11,209,482	11,209,482
				874,400	730,000
			11,802,569	12,083,882	11,939,482

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
DLR Restaurants, LLC (4%)* 611 Commerce St., Suite 2911 Nashville, TN 37203	Restaurant	Subordinated Note (12% Cash, 2% PIK, Due 03/16) Royalty rights	\$ 9,010,500  9,010,500	\$ 8,770,500  8,770,500	\$ 8,770,500  8,770,500
Electronic Systems Protection, Inc. (2%)* 517 North Industrial Drive Zebulon, NC 27577	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	3,199,721 828,035 4,027,756	3,179,312 828,035 4,292,347	3,179,312 828,035 4,154,347
Energy Hardware Holdings, LLC (0%)* 2730 E. Phillips Road Greer, SC 29650	Machined Parts Distribution	Voting Units (4,833 units)		4,833 4,833	1,011,800 1,011,800
Frozen Specialties, Inc. (3%)* 1465 Timberwolf Dr. Holland, OH 43258	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	8,161,657 8,161,657	8,053,672 8,053,672	8,053,672 8,053,672
Garden Fresh Restaurant Corp. (0%)* 15822 Bernardo Center Drive San Diego, CA 92127	Restaurant	Membership Units (5,000 units)		500,000 500,000	735,800 735,800
Great Expressions Group Holdings, LLC (0%)* 300 E. Long Lake Rd. Bloomfield Hills, MI 48304	Dental Practice Management	Class A Units (225 Units)		450,000 450,000	639,600 639,600
Grindmaster-Cecilware Corp. (2%)* 43-05 20th Ave Long Island City, NY 11105	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	6,062,732 6,062,732	5,972,635 5,972,635	5,972,635 5,972,635
Hatch Chile Co., LLC (2%)* 2003 S. Commercial Dr. Brunswick, GA 31525	Food Products Distributor	Senior Note (19% Cash, Due 07/15) Subordinated Note (14% Cash, Due 07/15) Unit Purchase Warrant (5,265 Units)	4,500,000 1,000,000 5,500,000	4,398,485 844,400 5,392,685	4,398,485 844,400 5,373,885
Home Physicians, LLC ("HP") and Home Physicians Holdings, LP ("HPH") (5%)* 2003 W. Fulton St., #3 Chicago, IL 60612	In-home primary care physician services	Subordinated Note-HP (12% Cash, 5% PIK, Due 03/16) Subordinated Note-HPH (4% Cash, 6% PIK, Due 03/16) Royalty rights	10,255,695 1,226,429 11,482,124	10,030,695 1,226,429 11,257,124	10,030,695 1,226,429 11,257,124
Infrastructure Corporation of America, Inc. (4%)* 5110 Maryland Way Suite 280 Brentwood, TN 37207	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15) Common Stock Purchase Warrant (199,526 shares)	10,796,065 10,796,065	9,641,655 980,000 10,621,655	9,641,655 980,000 10,621,655



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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Inland Pipe Rehabilitation Holding Company LLC (7%)* 350 N. Old Woodward, Ste. 100 Birmingham, MI 48009	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	\$ 8,274,920	\$ 7,653,008	\$ 7,653,008
		Subordinated Note (18% Cash, Due 01/14)	3,905,108	3,878,922	3,878,922
		Subordinated Note (15% Cash, Due 01/14)	306,302	306,302	306,302
		Subordinated Note (15.3% Cash, Due 01/14)	3,500,000	3,467,128	3,467,128
		Membership Interest Purchase Warrant (3.0%)		853,500	2,310,000
			15,986,330	16,158,860	17,615,360
Library Systems & Services, LLC (2%)* 12850 Middlebrook Road Germantown, MD 20874	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15)	5,309,063	5,169,473	5,169,473
		Common Stock Warrants (112 shares)		58,995	525,000
			5,309,063	5,228,468	5,694,473
McKenzie Sports Products, LLC (2%)* 1910 St. Luke's Church Road Salisbury, NC 28146	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,025,694	5,911,165	5,911,165
			6,025,694	5,911,165	5,911,165
Media Temple, Inc. (5%)* 8520 National Blvd., Building A Culver City, CA 90232	Web Hosting Services	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	8,800,000	8,632,828	8,632,828
		Convertible Note (8% Cash, 6% PIK, Due 04/15)	3,200,000	2,695,136	2,695,136
		Common Stock Purchase Warrant (28,000 Shares)		536,000	536,000
			12,000,000	11,863,964	11,863,964
Minco Technology Labs, LLC (2%)* 1805 Rutherford Lane Austin, TX 78754	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16)	5,143,671	5,029,574	5,029,574
		Class A Units (5,000 Units)		500,000	254,600
			5,143,671	5,529,574	5,284,174
National Investment Managers Inc. (5%)* 485 Metro Place South Suite 275 Dublin, OH 43017	Retirement Plan Administrator	Subordinated Note (11% Cash, 5% PIK, Due 09/16)	11,267,188	10,985,938	10,985,938
		Preferred A Units (90,000 Units)		900,000	900,000
		Common Units (10,000 Units)		100,000	100,000
			11,267,188	11,985,938	11,985,938
Novolyte Technologies, Inc. (4%)* 111 West Irene Road Zachory, LA 70791	Specialty Manufacturing	Subordinated Note (12% Cash, 4% PIK, Due 07/16)	7,046,667	6,911,251	6,911,251
		Subordinated Note (12% Cash, 4% PIK, Due 07/16)	2,265,000	2,221,474	2,221,474
		Preferred Units (641 units)		661,227	664,600
		Common Units (24,522 units)		165,306	370,200
			9,311,667	9,959,258	10,167,525
Pomeroy IT Solutions (4%)* 1020 Petersburg Rd. Hebron, KY 41048	Information Technology Outsourcing Services	Subordinated Notes (13% Cash, 2% PIK, Due 02/16)	10,027,222	9,770,229	9,770,229
			10,027,222	9,770,229	9,770,229

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
SRC, Inc. (4%)* 950 3rd Ave., 19th Floor New York, NY 10022	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14) Common Stock Purchase Warrants	\$ 9,046,078	\$ 8,757,574	\$ 8,757,574
			9,046,078	123,800	123,800
				8,881,374	8,881,374
Syrgis Holdings, Inc. (2%)* 1025 Mary Laidley Drive Covington, KY 41017	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14) Class C Units (2,114 units)	2,730,518	2,717,342	2,717,342
			2,730,518	1,000,000	1,264,000
				3,717,342	3,981,342
TBG Anesthesia Management, LLC (4%)* 1770 1st St., Suite 703 Highland Park, IL 60035	Physician Management Services	Senior Note (13.5% Cash, Due 11/14) Warrant (263 shares)	11,000,000	10,632,294	10,632,294
			11,000,000	276,100	226,200
				10,908,394	10,858,494
Top Knobs USA, Inc. (4%)* 7701 Forsyth Blvd., Suite 600 St. Louis, MO 63105	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17) Common Stock (26,593 shares)	10,019,345	9,831,398	9,831,398
			10,019,345	750,000	750,000
				10,581,398	10,581,398
TrustHouse Services Group, Inc. (2%)* 21 Armory Drive Wheeling, WV 26003	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (1,495 units) Class B Units (79 units)	4,462,746	4,406,514	4,406,514
				475,000	556,300
				25,000	—
			4,462,746	4,906,514	4,962,814
Tulsa Inspection Resources, Inc. (2%)* 4111 S. Darlington Ave, Suite 1000 Tulsa, OK 74135,	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14) Common Unit (1 unit) Common Stock Warrants (8 shares)	5,810,588	5,510,596	5,510,596
			5,810,588	200,000	—
				321,000	—
				6,031,596	5,510,596
Twin-Star International, Inc. (2%)* 115 S.E. 4th Avenue Delray Beach, FL 33483	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14) Senior Note (4.3%, Due 04/13)	4,500,000	4,465,584	4,465,584
			1,059,996	1,059,996	1,059,996
			5,559,996	5,525,580	5,525,580
Wholesale Floors, Inc. (1%)* 8855 N. Black Canyon Highway Phoenix, AZ 85021	Commercial Services	Subordinated Note (12.5% Cash, 3.5% PIK, Due 06/14) Membership Interest Purchase Warrant (4.0%)	3,811,639	3,416,190	3,057,400
			3,811,639	132,800	—
				3,548,990	3,057,400
Yellowstone Landscape Group, Inc. (5%)* 220 Elm Street New Canaan, CT 06840	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	12,532,129	12,355,520	12,355,520
			12,532,129	12,355,520	12,355,520
Zoom Systems (3%)* 22 Fourth Street., Floor 16 San Francisco, CA 94103	Retail Kiosk Operator	Subordinated Note (12.5% Cash, 1.5% PIK, Due 12/14) Royalty rights	\$ 8,155,730	\$ 7,994,845	\$ 7,994,845
			8,155,730	—	—
				7,994,845	7,994,845
<b>Subtotal Non-Control / Non-Affiliate Investments</b>			<b>280,606,273</b>	<b>287,830,346</b>	<b>290,736,361</b>
<b><u>Affiliate Investments:</u></b>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)* 1945 S. Tubeway Ave. Commerce, CA 90040	Wholesale and Distribution	Subordinated Note (5% PIK, Due 10/13) Membership Units (6,516 Units)	5,613,162	5,167,911	3,985,700
			5,613,162	350,000	—
				5,517,911	3,985,700

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
AP Services, Inc. (3%)* 203 Armstrong Dr. Freeport, PA 16229	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (933 units) Class B Units (496 units)	5,864,100	5,756,863	5,756,863
				933,333	976,000
				—	79,000
			5,864,100	6,690,196	6,811,863
Asset Point, LLC (2%)* 770 Pelham Road, Suite 200 Greenville, SC 29615	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13) Senior Note (12% Cash, 2% PIK, Due 07/15) Options to Purchase Membership Units (342,407 units) Membership Unit Warrants (356,506 units)	5,828,514	5,781,329	5,506,899
			608,216	608,216	491,400
				500,000	—
				—	—
			6,436,730	6,889,545	5,998,299
Axxiom Manufacturing, Inc. (0%)* 11927 South Highway 6 Fresno, TX 77545	Industrial Equipment Manufacturer	Common Stock (136,400 shares)		200,000	966,000
		Common Stock Warrant (4,000 shares)		—	28,300
				200,000	994,300
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street") (4) (2%)* 808 N. Ruth Street Monahans, TX 79756	Oil and Gas Services	Subordinated Note-Brantley Transportation (14% Cash, 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	3,745,701	3,745,701
				33,600	—
				200,000	—
				—	—
			3,800,000	3,979,301	3,745,701
Captek Softgel International, Inc. (3%)* 16218 Arthur St. Cerritos, CA 90703	Nutraceutical Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 08/16) Class A Units (80,000 units)	8,028,445	7,868,445	7,868,445
				800,000	800,000
			8,028,445	8,668,445	8,668,445
Dyson Corporation (1%)* 53 Freedom Road Painesville, OH 44077	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	2,707,000
				1,000,000	2,707,000
Equisales, LLC (2%)* 13811 Cullen Blvd. Houston, TX 77047	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12) Class A Units (500,000 units)	3,031,333	2,998,853	2,998,853
				480,900	870,000
			3,031,333	3,479,753	3,868,853
Plantation Products, LLC (6%)* 202 S. Washington St. Norton, MA 02766	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16) Preferred Units (1,127 units) Common Units (92,000 units)	\$ 14,691,125	\$ 14,340,163	\$ 14,340,163
				1,127,000	1,127,000
				23,000	23,000
			14,691,125	15,490,163	15,490,163
QC Holdings, Inc. (0%)* 1205 Industrial Blvd. Southampton, PA 18966	Lab Testing Services	Common Stock (5,594 shares)		563,602	477,000
				563,602	477,000

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Technology Crops International (2%)* 7996 North Point Blvd. Winston-Salem NC 27106	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,400,543	5,321,724	5,321,724
			5,400,543	500,000	350,800
				5,821,724	5,672,524
Waste Recyclers Holdings, LLC (2%)* 261 Highway 20 East, Suites A, B & D Freeport, FL 32439	Environmental and Facilities Services	Class A Preferred Units (280 Units) Class B Preferred Units (985,372 Units) Class C Preferred Units (1,444,475 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)		2,251,100	—
				3,304,218	3,529,000
				1,499,531	1,490,000
				748,900	—
				180,783	—
				7,984,532	5,019,000
Subtotal Affiliate Investments			52,865,438	66,285,172	63,438,848
<b>Control Investments:</b>					
FCL Graphics, Inc. (1%)* 4600 North Olcott Avenue Harwood Heights, IL 60706	Commercial Printing Services	Senior Note (3.8% Cash, 2% PIK, Due 9/11) Senior Note (7.8% Cash, 2% PIK, Due 9/11) 2nd Lien Note (2.8% Cash, 8% PIK, Due 12/11) Preferred Shares (35,000 shares) Common Shares (4,000 shares) Members Interests (3,839 Units)	1,499,343	1,497,269	1,497,269
			2,055,472	2,051,807	1,049,232
			3,540,146	2,996,826	—
				—	—
				—	—
				—	—
			7,094,961	6,545,902	2,546,501
Fire Sprinkler Systems, Inc. (0%)* 705 E. Harrison Street, Suite 200 Corona, CA 92879	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/12) Common Stock (2,978 shares)	3,231,336	2,780,028	750,000
				294,624	—
			3,231,336	3,074,652	750,000
Fischbein, LLC (9%)* 151 Walker Road Statesville, NC 28625	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 3.5% PIK, Due 05/13) Class A-1 Common Units (558,140 units) Class A Common Units (4,200,000 units)	4,383,708	4,314,072	4,314,072
				558,140	2,544,000
				4,200,000	16,286,000
			4,383,708	9,072,212	23,144,072
Gerli & Company (1%)* 75 Stark Street Plains, PA 18705	Specialty Woven Fabrics Manufacturer	Subordinated Note (8.5% Cash, Due 03/15) Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11) Royalty rights Common Stock Warrants (56,559 shares) Class E Preferred Shares (400 shares) Common Stock (300 shares)	\$ 3,000,000	\$ 3,000,000	\$ 2,318,100
			138,369	120,000	120,000
				—	112,100
				83,414	—
				161,440	—
				100,000	—
			3,138,369	3,464,854	2,550,200

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Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Weave Textiles, LLC (0%)* 3700 Glenwood Avenue, Suite 530 Raleigh, North Carolina, 27612	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11)  Membership Units (425 units)	319,648	319,648	319,648
				855,000	701,000
			319,648	1,174,648	1,020,648
Subtotal Control Investments			18,168,022	23,332,268	30,011,421
Total Investments, March 31, 2011(154%)*			\$ 351,639,733	\$ 377,447,786	\$ 384,186,630

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.
- (2) Disclosures of interest rates on notes include cash interest rates and payment-in-kind, or PIK, interest rates.
- (3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.
- (4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

### Description of our Portfolio Companies

Set forth below is a brief description of each of our portfolio companies as of March 31, 2011.

#### ***Ambient Air Corporation (f/k/a JR Hobbs Acquisition Corp.)***

Ambient Air Corporation is a leading design/build contractor for HVAC systems in the multi-family housing industry with an emphasis on the Southeast.

#### ***American De-Rosa Lamparts and Hallmark Lighting***

American De-Rosa Lamparts and Hallmark Lighting, headquartered in Commerce, California, markets a wide variety of lighting products, including fixtures, bulbs, electrical components, glass, and hardware to maintenance and repair organizations, lighting wholesalers, retailers, and original equipment manufacturers.

#### ***Ann's House of Nuts, Inc.***

Ann's House of Nuts, Inc. is a manufacturer and marketer of trail mixes and dried fruits in North America.

#### ***AP Services, Inc.***

AP Services, Inc. is a supplier of gaskets, packing, and other fluid sealing technologies and services to power plants and original equipment manufacturers.

#### ***AssetPoint, LLC***

AssetPoint, LLC is a supplier of integrated enterprise asset management and computerized maintenance management software and services that improve profitability and productivity for the process and manufacturing industries.

#### ***Assurance Operations Corporation***

Assurance Operations Corp. designs and fabricates custom racking products for the automotive industry and provides light to medium duty stamping for a variety of industries.

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### ***Axxiom Manufacturing, Inc.***

Axxiom Manufacturing Inc., based in Fresno, Texas, is the exclusive provider of Axxiom and Schmidt abrasive air blast equipment.

### ***Botanical Laboratories, Inc.***

Botanical Laboratories, Inc. develops, manufactures, markets and distributes branded and private label vitamins, minerals and nutritional supplements through 40,000 retail locations within the U.S. and six international countries.

### ***Brantley Transportation, LLC and Pine Street Holdings, LLC***

Brantley Transportation, LLC is an oil services company based in Monahans, Texas, which provides oil and gas rig and associated heavy equipment intrastate hauling services primarily to drilling companies operating in Texas and New Mexico, as well as oil and gas producing regions in the Mid Continent. Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC, and its sole business purpose is its ownership of Brantley Transportation, LLC.

### ***Capital Contractors, Inc.***

Capital Contractors, Inc. is a provider of outsourced janitorial, repair and facilities maintenance services in the U.S. and Canada.

### ***Captek Softgel International, Inc.***

Captek Softgel International, Inc. is a contract manufacturer of softgel capsules, including dietary supplements and vitamins.

### ***Carolina Beer and Beverage, LLC***

Carolina Beer and Beverage, LLC performs beverage manufacturing and co-packaging, as well as fee-based warehousing, logistics and distribution services.

### ***CRS Reprocessing, LLC***

CRS Reprocessing, LLC is a global provider of on-site fluid reprocessing services for the solar power and semiconductor industries as well as aluminum cold rolling operations.

### ***CV Holdings, LLC***

CV Holdings, LLC designs, manufactures and markets customized, high-performance polymer products.

### ***DLR Restaurants, LLC***

DLR Restaurants, LLC is a restaurant group that operates multiple restaurant locations throughout the United States.

### ***Dyson Corporation***

Dyson Corporation is a supplier of custom fasteners and forgings to industrial markets, including the high-growth wind energy industry.

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### ***Electronic Systems Protection, Inc.***

Electronic Systems Protection, Inc. is a leading manufacturer of power protection technology for the office technology industry.

### ***Energy Hardware Holdings, LLC***

Energy Hardware Holdings, LLC is a global distributor of fasteners, machined parts, seals and gaskets to the power generation industry.

### ***Equisales, LLC***

Equisales, LLC is a global provider of transformers, high voltage switch gear and power production equipment.

### ***FCL Graphics, Inc.***

FCL Graphics, Inc. is a leading commercial printer which produces such items as direct mailings, brochures, annual reports, posters, catalogs, sell sheets, newspaper inserts and labels.

### ***Fire Sprinkler Systems, Inc.***

Fire Sprinkler Systems, Inc. designs and installs sprinkler systems for residential applications throughout southern California.

### ***Fischbein, LLC***

Fischbein, LLC is a leading designer and manufacturer of flexible packaging and materials handling equipment based in Statesville, North Carolina.

### ***Frozen Specialties, Inc.***

Frozen Specialties, Inc. is a leading manufacturer of private label frozen pizzas and pizza bites, sold primarily through the retail grocery channel.

### ***Garden Fresh Restaurant Corp.***

Garden Fresh Restaurant Corp. is a casual dining restaurant chain focused on serving fresh, wholesome meals in an upscale, self-service format. The company operates approximately 100 restaurants in 15 states under the Sweet Tomatoes and Souplantation brand names.

### ***QC Holdings, Inc.***

QC Holdings, Inc. provides lab testing services for the environmental engineering, food and pharmaceutical industries. Services include groundwater monitoring, stream surveys, soil testing, swimming pool testing, and dairy product testing.

### ***Gerli & Company***

Gerli & Company markets high-end decorative fabrics to a diverse customer base focusing on interior design. The company has dobby and jacquard manufacturing in Plains, Pennsylvania and sources fabrics worldwide. It is best known for its color direction and design aesthetic in the broad range of fabric types offered.

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### ***Great Expressions Group Holdings, LLC***

Great Expressions Group Holdings, LLC is a dental practice management company with locations in Florida, Michigan, Georgia, Virginia, Massachusetts and Connecticut.

### ***Grindmaster-Cecilware Corp.***

Grindmaster-Cecilware Corp. is a leading designer, manufacturer and distributor of a broad line of beverage dispensing, cooking, and other equipment for the convenience store and commercial foodservice market.

### ***Hatch Chile Co., LLC***

Hatch Chile Co., LLC is a food products company that distributes branded, green chile based cooking sauces and related canned chile and tomato products for retail customers, primarily in the Southwestern U.S.

### ***Home Physicians Management, LLC***

Home Physicians Management, LLC is a provider of primary care physician services and podiatry services in homes and assisted living facilities.

### ***Infrastructure Corporation of America, Inc.***

Infrastructure Corporation of America, Inc. maintains public transportation infrastructure, including roadways, bridges, toll ways, rest areas and welcome centers.

### ***Inland Pipe Rehabilitation Holding Company, LLC***

Inland Pipe Rehabilitation Holding Company, LLC provides maintenance, inspection, and repair for piping, sewers, drains, and storm lines by utilizing several of the industry's leading technologies including pipe bursting, cured-in-place-pipe, and spiral-wound piping.

### ***Library Systems & Services, LLC***

Library Systems & Services, LLC is a provider of outsourced library management services in the U.S., with customers including federal libraries such as the Library of Congress and the Smithsonian.

### ***McKenzie Sports Products, LLC***

McKenzie Sports Products, LLC is the largest designer and manufacturer of taxidermy forms and supplies used to mount hunting and fishing trophies in the U.S.

### ***Media Temple, Inc.***

Media Temple, Inc. is a web hosting and virtualization service provider based in California that provides businesses worldwide with reliable, professional-class services to host websites, email, business applications, and other rich internet content.

### ***Minco Technology Labs, LLC***

Minco Technology Labs, LLC is a processor, packager, and distributor of semi-conductors for use in military, space, industrial, and other high temperature, harsh environments.



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### ***National Investment Managers, Inc.***

National Investment Managers, Inc. is a provider of third-party retirement plan administration services.

### ***Novolyte Technologies, Inc.***

Novolyte Technologies, Inc. is a manufacturer of electrolytes and materials used for lithium batteries, ultracapacitors and other energy storage devices, solvents used in a variety of industrial processes and products, electronic materials, polymer ingredients, and pharmaceutical and agricultural chemicals.

### ***Plantation Products, LLC***

Plantation Products, LLC is a provider of packaged vegetable, wildflower and lawn seeds and seed starting products.

### ***Pomeroy IT Solutions, Inc.***

Pomeroy IT Solutions, Inc. is a provider of information technology infrastructure outsourcing services.

### ***SRC, Inc.***

SRC, Inc. is a specialty chemical company that is the sole North American producer of low-moisture anhydrous magnesium chloride and fused magnesium flux and is also a provider of blended magnesium flux and magnesium chloride solution.

### ***Syrgis Holdings, Inc.***

Syrgis Holdings, Inc., headquartered in Covington, Kentucky, is a holding company comprised of four distinct specialty chemical subsidiaries. Through its operating subsidiaries, Syrgis manufactures specialty chemicals critical to the performance of products in diverse industries, including natural gas and oil refineries, cleaning solutions and supplies, and various lumber products.

### ***TBG Anesthesia Management, LLC***

TBG Anesthesia Management, LLC is a leading physician management company that provides contracted outsourced anesthesiology services to hospitals and medical centers in the Midwest.

### ***Technology Crops International***

Technology Crops International works with customers to develop and maintain supply chains for high value, plant derived, oils and oil seeds used as manufacturing ingredients in the food, chemical, cosmetics, and pharmaceutical industries.

### ***Top Knobs USA, Inc.***

Top Knobs USA, Inc. is a manufacturer of decorative hardware for the professional market, and offers a line of premium quality cabinet, drawer, and bath knobs, pulls and other hardware.

### ***TrustHouse Services Group, Inc.***

TrustHouse Services Group, Inc. provides outsourced food management services to educational institutions, healthcare facilities and businesses primarily in the Northeast, Mid-Atlantic and Midwestern regions of the United States.

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***Tulsa Inspection Resources, Inc.***

Tulsa Inspection Resources, Inc. is a leading independent provider of pipeline inspection services for the oil and gas industry.

***Twin Star International, Inc.***

Twin Star International, Inc., based in Delray Beach, Florida, is a leading producer of high quality home furnishings, including electric fireplaces and decorative bathroom vanities.

***Waste Recyclers Holdings, LLC***

Waste Recyclers Holdings, LLC is one of the largest independent providers of waste management services in the Florida and Alabama/Mississippi Gulf Coast region.

***Weave Textiles, LLC***

Weave Textiles, LLC is a Denver, PA based manufacturer of decorative fabrics for commercial and residential use.

***Wholesale Floors, Inc.***

Wholesale Floors, Inc., headquartered near Phoenix, Arizona, provides commercial flooring design and installation services for institutional and corporate clients and is the largest full-service flooring contractor in the state of Arizona.

***Yellowstone Landscape Group, Inc.***

Yellowstone Landscape Group, Inc., headquartered in Dallas, Texas, is a full-service lawn care provider focused primarily on the commercial market with services including lawn and landscape maintenance, construction/installation, irrigation, turf management, and tree care throughout Texas and the Southeast.

***Zoom Systems***

Zoom Systems partners with leading brands to implement networks of fully automated retail kiosks in high-traffic locations such as airports, shopping centers, supermarkets and retail stores.

## MANAGEMENT

Our business and affairs are managed under the direction of our Board of Directors. Our Board of Directors elects our officers, who serve at the discretion of the Board of Directors. Day-to-day management of our portfolio is the responsibility of our investment committee. As a result, our investment committee must approve the acquisition and disposition of all of our investments.

### Board of Directors and Executive Officers

Our Board of Directors consists of eight members, five of whom are classified under applicable NYSE listing standards as “independent” directors. Pursuant to our charter, each member of our Board of Directors serves a one year term, with each current director serving until the 2012 annual meeting of stockholders and until his respective successor is duly qualified and elected. Our charter gives the Board of Directors the exclusive power to elect directors to fill vacancies that are created either through an increase in the number of directors or due to the resignation, removal or death of any director.

#### *Directors*

Information regarding our Board of Directors is set forth below. We have divided the directors into two groups — independent directors and interested directors. Interested directors are “interested persons” of Triangle Capital Corporation as defined in Section 2(a)(19) of the 1940 Act. Certain of our directors who are also officers of the Company may serve as directors of, or on the boards of managers of, certain of our portfolio companies. In addition, the Board of Directors of Triangle SBIC is composed of all of the Company’s directors. The business address of each director listed below is 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612. For information regarding our directors’ compensation, see “Director Compensation” below, and for information regarding our directors’ ownership interest in our Company’s stock, see “Control Persons and Principal Stockholders” below.

#### *Independent Directors*

Name	Age	Director Since	Expiration of Current Term
W. McComb Dunwoody	66	January 2007	2012 Annual Meeting
Mark M. Gambill	60	August 2009	2012 Annual Meeting
Benjamin S. Goldstein	55	January 2007	2012 Annual Meeting
Simon B. Rich, Jr.	66	January 2007	2012 Annual Meeting
Sherwood H. Smith, Jr.	76	January 2007	2012 Annual Meeting

#### *Interested Directors*

Name	Age	Director Since	Expiration of Current Term
Garland S. Tucker, III	64	October 2006	2012 Annual Meeting
Brent P. W. Burgess	45	October 2006	2012 Annual Meeting
Steven C. Lilly	42	October 2006	2012 Annual Meeting

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### **Executive Officers**

The following persons serve as our executive officers in the following capacities:

Name	Age	Position(s) Held with the Company	Executive Officer Since
Garland S. Tucker, III	64	Chairman of the Board, Chief Executive Officer and President	2006
Brent P.W. Burgess	45	Director and Chief Investment Officer	2006
Steven C. Lilly	42	Director, Chief Financial Officer, Secretary, Treasurer and Chief Compliance Officer (since 2007)	2006

In addition to the positions described above, each of our executive officers is a member of our investment committee. The address for each executive officer is c/o Triangle Capital Corporation, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina, 27612. For information regarding our executive officers' compensation, see "Executive Compensation" below, and for information regarding our executive officers' ownership interest in our Company's stock, see "Control Persons and Principal Stockholders" below.

### **Biographical Information**

#### **Independent Directors**

*W. McComb Dunwoody.* Since 2007, Mr. Dunwoody has served on our Board of Directors and is a member of our compensation committee. He is the founder of The Inverness Group Incorporated and a Managing Member of Inverness Management LLC, a private equity investment firm that specializes in management buyout transactions. Inverness is not a parent, subsidiary or other affiliate of Triangle. Prior to Inverness, Mr. Dunwoody began the Corporate Finance Department of First City National Bank of Houston as a Senior Vice President. From 1968 to 1975, he worked in New York as an investment banker with The First Boston Corporation and Donaldson, Lufkin & Jenrette. Mr. Dunwoody currently serves on various corporate boards of directors and was formerly the Chairman of the Executive Committee of the Board of Directors of National-Oilwell, Inc. Mr. Dunwoody's community involvement includes the co-founding of Imagine College, an education program serving over 5,000 inner-city students. He received an undergraduate degree in Business Administration from the University of Texas Honors Program.

Mr. Dunwoody was selected to serve as a director on our Board due to his extensive experience and leadership in public and private companies. Mr. Dunwoody's broad business experience enhances his participation on the Board and oversight of our compensation objectives.

*Mark M. Gambill.* On August 5, 2009, Mark M. Gambill was elected by our Board of Directors to fill a vacant seat created in August 2008. In addition, he has been appointed as a member of our nominating and corporate governance committee. Mr. Gambill is a co-founder and current Chairman of Cary Street Partners, a Richmond, Virginia based advisory and wealth management firm. From 1972 to 1999, Mr. Gambill was employed by Wheat First Butcher Singer ("Wheat"). He served as head of Wheat's capital markets group in the late 1980s, where he was responsible for investment banking, public finance, taxable fixed income, municipal sales and trading, equity sales, trading and research. He became President of Wheat in 1996. Wheat merged with First Union Corporation in January 1998. Subsequent to Wheat's merger with First Union, Mr. Gambill served as President of Wheat First Union. He later was named Head of Equity Capital Markets of Wheat First Union. He currently serves on the Board of Directors of Speedway Motorsports, Inc. (NYSE: TRK) where he is Chairman of its audit committee and a member of its compensation committee. Mr. Gambill is also a director of NewMarket Corporation (NYSE: NEU) and serves on its audit committee. Mr. Gambill graduated summa cum laude from Hampden-Sydney College.

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Mr. Gambill was selected to serve as a director on our Board due to his involvement in the capital markets for over thirty-five years, supervising various functions such as investment banking, public finance and equity research. Mr. Gambill's experience serving as an advisor to various public and private companies brings crucial skills and contributions to the Board.

*Benjamin S. Goldstein.* Mr. Goldstein has served on our Board of Directors since 2007 and is a member of our compensation committee and chairs our audit committee. From 1997 to 2010, Mr. Goldstein was the President and co-founder of The Advisory Group, LLC, a real estate advisory, development and investment firm based in Raleigh, North Carolina. He is currently the Chief Operating Officer for Captrust Financial Advisors, a financial and fiduciary advisory firm based in Raleigh, North Carolina. Neither the Advisory Group, LLC, nor Captrust Financial Advisors is a parent, subsidiary or other affiliate of Triangle. Mr. Goldstein is also active in his community, as he currently serves on the boards of the Wake Education Partnership, based in Raleigh, North Carolina, as well as Paragon Commercial Bank. Prior to co-founding The Advisory Group, Mr. Goldstein was President and Partner of Roanoke Properties, the developer of a residential resort real estate community on the Outer Banks of North Carolina, which had a build out value of over \$300 million. He spent three years in the securities business, serving as the Chief Financial Officer of Carolina Securities Corporation for one year, and later named to head the Carolina Securities Division of Thomson McKinnon Corporation, which had acquired Carolina Securities. He began his career at KPMG, where he worked with audit and consulting clients with an emphasis on the real estate industry. A native of North Carolina, Mr. Goldstein is a CPA and graduated from UNC-Chapel Hill with a degree in business.

Mr. Goldstein was selected to serve as a director on our Board due to his extensive audit and consulting-related experience with private and public companies. Mr. Goldstein's experience and background in public accounting enhances his ability to provide effective leadership as chairman of our audit committee and to provide effective oversight of compensation decisions in his capacity as member of our compensation committee.

*Simon B. Rich, Jr.* Mr. Rich has served on our Board of Directors since 2007 and is a member of our audit committee and our nominating and corporate governance committee. Mr. Rich is also a director of Verenum Corporation, a company traded on the Nasdaq Global Market under the symbol, "VRNM." He retired in 2001 from his positions as Chief Executive Officer of Louis Dreyfus Holding Co. and Chairman and Chief Executive Officer of Louis Dreyfus Natural Gas, two affiliated Delaware and Oklahoma companies, respectively, neither of which was a parent, subsidiary or other affiliate of Triangle. As CEO, Mr. Rich's companies' combined operations included roles such as oil refinery processing, petroleum product storage and distribution, natural gas production and distribution and the merchandising and distribution of electricity in North America and Europe, as well as the merchandising and processing of agricultural products in North America, South America and Europe. During Mr. Rich's tenure, his companies successfully partnered with Electricite de France, creating EDF Trading, a company that currently dispatches France's electric generation system. From 2005 to 2006, Mr. Rich also served as a director and member of the audit committee of Fisher Scientific. His work experience, which spans more than thirty years, includes all aspects of the energy and agriculture industries. His expertise involves private equity investments with an emphasis on sustainability in energy and agriculture. In addition to Mr. Rich's career in the energy and agriculture industries, he currently serves as a trustee of Warren Wilson College and serves on the Board of Directors of Environmental Defense. Mr. Rich is also the former Chairman of the Board of Visitors of The Nicholas School of the Environment and Earth Sciences at Duke University, where he is now Emeritus and an adjunct instructor. Mr. Rich holds an undergraduate degree in Economics from Duke University.

Mr. Rich was selected to serve as a director on our Board due to his prior public and private company experience, as well as his experience structuring private equity transactions. Mr. Rich's leadership and experience provide valuable contributions to the oversight of our company's governance guidelines and financial records.

*Sherwood H. Smith, Jr.* Mr. Smith has served on our Board of Directors since 2007 and is a member of our audit committee, nominating and corporate governance committee and our compensation committee. He currently serves as a director of Franklin Street Partners, a privately held investment management firm in Chapel Hill, North Carolina. Until 2000 he served as a director of Carolina Power & Light Company (now Progress

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Energy Corporation), a company for which he has also served as Chairman, President and Chief Executive Officer. In addition, Mr. Smith has served as a director of Wachovia Corporation (now Wells Fargo and Company), Nortel Networks, Springs Industries, and Northwestern Mutual Life Insurance Company (Trustee). Other than his current position as director, Mr. Smith has never been employed by a parent, subsidiary or other affiliate of Triangle. He has been a member of the Business Roundtable and The Business Council and has served as Chairman of the North Carolina Citizens for Business and Industry. Mr. Smith has both an undergraduate and law degree from the University of North Carolina at Chapel Hill.

Mr. Smith was selected to serve as a director on our Board due to his extensive experience as an executive officer and director of various public companies and his extensive business knowledge. Mr. Smith's public company experience and knowledge are important in providing effective oversight in light of our operational and organizational structure.

### ***Interested Directors***

*Garland S. Tucker, III.* Mr. Tucker has served as Chairman of our Board of Directors, Chief Executive Officer and President since 2006 and is a member of our investment committee. Mr. Tucker was a co-founder of Triangle Capital Partners, LLC, the former external manager of Triangle SBIC prior to our IPO. Prior to co-founding Triangle Capital Partners, LLC in 2000, Mr. Tucker and an outside investor group sold First Travelcorp, a corporate travel services company that he and the investors founded in 1991. For the two years preceding the founding of First Travelcorp, Mr. Tucker served as Group Vice President, Chemical Bank, New York, with responsibility for southeastern corporate finance. Prior to Chemical Bank, Mr. Tucker spent a decade with Carolina Securities Corporation, serving as President and Chief Executive Officer until 1988. During his tenure, Carolina Securities Corporation was a member of the NYSE, and Mr. Tucker served a term as President of the Mid-Atlantic Securities Industry Association. Mr. Tucker entered the securities business in 1975 with Investment Corporation of Virginia. He is a graduate of Washington & Lee University and Harvard Business School.

Mr. Tucker was selected to serve as a director on our Board due to his prior service to the Company as its Chairman, President and Chief Executive Officer and his thirty-five years of experience in the financial and investment industries. Mr. Tucker's intimate knowledge of the Company and his familiarity with the financial and investment industries are critical to the oversight of our strategic goals and the evaluation of our operational performance.

*Brent P.W. Burgess.* Mr. Burgess has served as our Chief Investment Officer and member of our Board of Directors since 2006 and is a member of our investment committee. Mr. Burgess joined Triangle Capital Partners, LLC in 2002. Prior to joining Triangle, he was Vice President for five years at Oberlin Capital, an SBIC mezzanine fund. He began his private equity career in 1996 with Cherokee International Management, a Raleigh based private equity firm, where he worked as an analyst and associate. He previously served on the Board of Governors of the National Association of SBICs and is a past president of the Southern Regional Association of SBICs. He is a graduate of the University of Regina and Regent College, Vancouver.

Mr. Burgess was selected to serve as a director on our Board due to his successful history with the Company as its Chief Investment Officer and member of our Board of Directors and his experience in leading and managing investments. Mr. Burgess' leadership and comprehensive knowledge of the investment industry are integral to the oversight of our investment goals.

*Steven C. Lilly.* Mr. Lilly has served as our Chief Financial Officer, Secretary, Treasurer and member of our Board of Directors since 2006 (as well as our Chief Compliance Officer since our IPO in 2007) and is a member of our investment committee. From 2005 to 2006, Mr. Lilly served as Chief Financial Officer of Triangle Capital Partners, LLC. Prior to joining Triangle Capital Partners in December, 2005, Mr. Lilly spent six and a half years with SpectraSite, Inc., which prior to its sale in August, 2005, was the third largest independent wireless tower company in the United States. At SpectraSite, Mr. Lilly served as Senior Vice President-Finance & Treasurer and

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Interim Chief Financial Officer. On November 15, 2002, SpectraSite Holdings, Inc. (SpectraSite's predecessor company) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Eastern District of North Carolina to implement a pre-negotiated financial restructuring pursuant to the company's Plan of Reorganization, confirmed by the Bankruptcy Court on January 28, 2003. Prior to SpectraSite, Mr. Lilly was Vice President of the Media & Communications Group with First Union Capital Markets (now Wells Fargo and Company), specializing in arranging financings for high growth, financial sponsor driven companies across the media and telecommunications sector. Mr. Lilly is a graduate of Davidson College and has completed the executive education program at the University of North Carolina's Kenan-Flagler School of Business.

Mr. Lilly was selected to serve as a director on our Board due to his prior service to the Company as its Chief Financial Officer, Secretary, Treasurer and Chief Compliance Officer and his broad experience and leadership both financing and operating public and private companies. Mr. Lilly's knowledge of the Company and extensive experience in the capital markets are crucial to the evaluation of our operational performance and financial goals.

### ***Other Members of Investment Committee***

*Jeffrey A. Dombcik.* Mr. Dombcik joined Triangle in February 2007. Prior to joining us, Mr. Dombcik was a managing director and co-founder of South Franklin Street Partners, an SBIC focused on providing junior capital to middle market companies. Prior to co-founding South Franklin Street Partners in 2003, Mr. Dombcik served as Executive Vice President and Partner of Edgewater Capital Partners, L.P., a private equity investment firm focused on the acquisition of middle market companies. Mr. Dombcik also served as a senior vice president of investment banking for McDonald Investments, Inc., a wholly owned subsidiary of Key Corp., and vice president of Brown, Gibbons, Lang & Company L.P., a middle market investment bank with offices in Chicago and Cleveland. Mr. Dombcik is a graduate of Miami University and John Carroll University.

*Cary B. Nordan.* Mr. Nordan joined Triangle in 2004. Prior to that, Mr. Nordan served as Vice President with BB&T Asset Management (BB&T Funds), a \$14 billion mutual fund complex. He was responsible for research, valuation and portfolio management with a specific focus on small-cap equities. Preceding his employment with BB&T Asset Management, he worked in corporate finance with Stanford Keene, Inc., an investment bank specializing in the technology industry, and Nuance Capital Group, LLC, an advisory firm to private companies. Prior to that, Mr. Nordan served as an Analyst and Associate in the corporate finance group of Trident Securities, a subsidiary of McDonald Investments, where he specialized in investment banking and advisory services to lower- and middle-market financial institutions throughout the United States. Mr. Nordan holds a BSBA, magna cum laude, from Appalachian State University and an MBA from Duke University. Mr. Nordan is a CFA charterholder and former member of the Board of Directors for the CFA North Carolina Society.

*David F. Parker.* Mr. Parker joined Triangle in 2002. Prior to that, Mr. Parker was a partner in Crimson Capital Company, a Greensboro, North Carolina private investment banking firm that specialized in management buyouts of middle market companies in a variety of industries. Before joining Crimson, Mr. Parker was Vice-President and Treasurer at Marion Laboratories, Inc., a Fortune 500 pharmaceutical company, where Mr. Parker was responsible for Marion's public and private financings, venture capital investments, divestitures, and investor communications. Before working at Marion Laboratories, Mr. Parker worked six years as Vice-President and Director of Private Placements at J. Henry Schroder Corp, a position that followed three years at Kidder, Peabody & Co., on its private placement desk. Mr. Parker began his career in 1971 at Shearson, Hammill & Co. in New York. Mr. Parker is a graduate of North Carolina State University and Harvard Business School.

*Douglas A. Vaughn.* Mr. Vaughn joined Triangle in February 2008. Prior to joining us, Mr. Vaughn was President and a Director of VIETRI, Inc., America's largest importer, distributor and marketer of handmade Italian ceramic and home décor items. Prior to his eight years at VIETRI, Inc., Mr. Vaughn advised business owners and managers, including private equity funds, on strategic initiatives including acquisitions and corporate

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finance — first as a Senior Consultant at Deloitte Consulting and later as a Partner at Chatham Partners. Prior to that, Mr. Vaughn served in management roles for Sara Lee Corporation. Mr. Vaughn holds a BA from the University of Virginia and an MBA from The University of North Carolina's Kenan-Flagler School of Business.

### **Meetings of the Board of Directors and Committees**

During 2010, our Board of Directors held five Board meetings. Our Board of Directors has established an audit committee, a compensation committee, a nominating and corporate governance committee and an investment committee. Each of the audit committee, compensation committee and nominating and corporate governance committee operates pursuant to a charter, each of which is available under "Corporate Governance" on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>, and is also available in print to any stockholder who requests a copy. All directors attended at least 98% of the aggregate number of meetings of the Board and of the respective committees on which they served. We expect each director to make a diligent effort to attend all Board and committee meetings, as well as each Annual Meeting of Stockholders. Seven of our eight directors attended our 2010 Annual Meeting of Stockholders.

We have designated Simon B. Rich, Jr. as the presiding director of all executive sessions of non-employee directors. Executive sessions of non-employee directors are held each board meeting. Stockholders may communicate with Mr. Rich by writing to: Board of Directors, Triangle Capital Corporation, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

#### ***Audit Committee***

We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit committee is responsible for compliance with legal and regulatory requirements, selecting our independent registered public accounting firm, reviewing the plans, scope and results of the audit engagement with our independent registered public accounting firm, approving professional services provided by our independent registered public accounting firm, reviewing the independence of our independent registered public accounting firm, reviewing the integrity of the audits of the financial statements and reviewing the adequacy of our internal accounting controls.

Our Board of Directors adopted the Audit Committee Charter on January 31, 2007. The Audit Committee Charter is publicly available under "Corporate Governance" on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>.

The members of the audit committee are Messrs. Goldstein, Rich and Smith, each of whom is independent for purposes of Section 2(a)(19) of the 1940 Act and the NYSE corporate governance listing standards. Mr. Goldstein serves as the chairman of the audit committee. Our Board of Directors has determined that Mr. Goldstein is an "audit committee financial expert" as defined under Item 407(d)(5) of Regulation S-K of the Exchange Act. Mr. Goldstein meets the current independence requirements of Rule 10A-3 of the Exchange Act, NYSE listing standards, and, in addition, is not an "interested person" of the Company, as defined in Section 2(a)(19) of the 1940 Act. Our audit committee held five meetings during 2010.

#### ***Compensation Committee***

The compensation committee is appointed by the Board to discharge its responsibilities relating to the compensation of our executive officers and other key employees. The compensation committee has the responsibility for recommending appropriate compensation levels for our executive officers, evaluating and approving executive officer compensation plans, policies and programs, reviewing benefit plans for executive officers and other employees and producing an annual report on executive compensation for inclusion in our proxy statement. The compensation committee may form and delegate any of its responsibilities to a



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subcommittee so long as such subcommittee is solely composed of one or more members of the compensation committee. The Compensation Committee Charter is available under “Corporate Governance” on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>.

Members of our compensation committee review annually and approve goals and objectives relevant to our executive officers’ compensation, including annual performance objectives. They evaluate annually the performance of the chief executive officer and other executive officers, and recommend to the independent directors of the Board the compensation level for each such person based on this evaluation. They review on a periodic basis our executive compensation programs to determine whether they are properly coordinated and achieve their intended purposes. They review and recommend to the Board for approval any changes in incentive compensation plans and equity-based compensation plans. The members of the compensation committee review and approve all equity-based compensation plans of Triangle, whether or not final approval rests with the Company’s stockholders, and grant equity-based awards pursuant to such plans in compliance with the 1940 Act. They review and approve employment agreements and any special supplemental benefits or perquisites for our executive officers. They review broadly employee compensation strategies, including salary levels and ranges and employee fringe benefits, in conjunction with compensation consultants.

In determining executive compensation levels for our executive officers, the compensation committee meets at least annually with management, and may meet with independent compensation consultants, in order to determine whether current methods of executive compensation are effective in achieving Triangle’s short and long term strategies. The compensation committee, in conjunction with a compensation consultant if necessary, will analyze the compensation of executive officers and directors of other BDCs in order to establish the compensation levels necessary to attract and retain quality executive officers and investment professionals. In 2010, the compensation committee engaged McLagan, an independent compensation consultant, to advise the compensation committee on these matters. For more information regarding the role of Triangle’s management in determining compensation, please see the discussion in “Compensation of Directors and Executive Officers — Executive Compensation — Establishing Compensation Levels — Role of the Compensation Committee and Management.”

The members of the compensation committee are Messrs. Dunwoody, Goldstein and Smith, each of whom is independent for purposes of Section 2(a) (19) the 1940 Act and the NYSE corporate governance listing standards. Mr. Smith serves as the chairman of the compensation committee. Our compensation committee held two meetings during 2010.

### ***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is responsible for identifying, researching and nominating directors for election by our stockholders, selecting nominees to fill vacancies on our Board of Directors or a committee of the Board, developing and recommending to the Board of Directors a set of corporate governance principles and overseeing the evaluation of the Board of Directors and our management. The nominating and corporate governance committee’s policy is to consider nominees properly recommended by our stockholders in accordance with our charter, bylaws and applicable law.

In considering possible candidates for nomination, the nominating and corporate governance committee will consider certain factors including whether the composition of the Board contains a majority of independent directors as determined by the NYSE standards and the 1940 Act, the candidate’s character and integrity, whether the candidate possesses an inquiring mind, vision and the ability to work well with others, conflicts of interest interfering with the proper performance of the responsibilities of a director, a candidate’s experience and what type of diversity he or she brings to the Board, whether the candidate has sufficient time to devote to the affairs of Triangle, including consistent attendance at Board and committee meetings and advance review of materials and whether each candidate can be trusted to act in the best interests of us and all of our stockholders.

The Nominating and Corporate Governance Committee Charter is publicly available under “Corporate Governance” on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>.

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The members of the nominating and corporate governance committee are Messrs. Gambill, Rich and Smith, each of whom is independent for purposes of Section 2(a)(19) the 1940 Act and the NYSE corporate governance listing standards. Mr. Rich serves as the chairman of the nominating and corporate governance committee. Our nominating and corporate governance committee held one meeting during 2010.

### **Investment Committee**

Our investment committee is responsible for all aspects of our investment process. The members of the Triangle Capital Corporation investment committee are Messrs. Tucker, Burgess, Lilly, Jeffrey A. Dombcik, Douglas A. Vaughn, Cary B. Nordan and David F. Parker. Triangle SBIC has a separate investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC and Triangle SBIC II has an investment committee that is responsible for all aspects of our investment process relating to investments made by Triangle SBIC II. The members of the Triangle SBIC investment committee are also Messrs. Tucker, Burgess, Lilly, Dombcik, Vaughn, Nordan and Parker. The members of the Triangle SBIC II investment committee are Messrs. Tucker, Burgess, Lilly, Dombcik, Vaughn and Nordan. For purposes of the discussion herein, any reference to the "investment committee" refers to the investment committees of Triangle Capital Corporation, Triangle SBIC and Triangle SBIC II.

Our investment committee generally meets once a week but also meets on an as needed basis depending on transaction volume. Our investment committee is involved in all significant stages of the investment process, including, origination, due diligence and underwriting, approval, documentation and closing, and portfolio management and investment monitoring.

### **Communication with the Board of Directors**

Stockholders with questions about Triangle Capital Corporation are encouraged to contact Steven C. Lilly, at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612, (919) 719-4770. However, if stockholders feel their questions have not been addressed, they may communicate with our Board of Directors by sending their communications to: Triangle Capital Corporation Board of Directors, c/o Simon B. Rich, Jr., 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612. In addition, stockholders may communicate with us by clicking "Contact IR" on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>. All stockholder communications received by our corporate secretary in this manner will be delivered to one or more members of the Board of Directors.

### **Corporate Leadership Structure**

Mr. Tucker serves jointly as the Chairman of our Board of Directors and President and Chief Executive Officer. In addition, we have designated Mr. Rich as our lead independent director to preside over all executive sessions of non-employee directors. We believe that consolidating our leadership structure without an independent chairman provides an efficient and effective management model which fosters direct accountability, effective decision-making and alignment of corporate strategy between our Board of Directors and management. Mr. Tucker is, and Mr. Rich is not, an "interested person" as defined Section 2(a)(19) of the 1940 Act.

### **Oversight of Risk Management**

On behalf of the Board of Directors, the Audit Committee oversees our enterprise risk management function. To this end, the Audit Committee meets at least annually (i) as a committee to discuss the Company's risk management guidelines, policies and exposures and (ii) with our independent auditors to review our internal control environment and other risk exposures. Additionally, on behalf of the Board of Directors, the Compensation Committee oversees the management of risks relating to our executive compensation program and other employee benefit plans. In fulfillment of its duties, the Compensation Committee reviews at least annually our executive compensation program and meets regularly with our chief executive officer to understand the

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financial, human resources and stockholder implications of all compensation decisions. The Audit Committee and the Compensation Committee each report to the Board of Directors on a quarterly basis to apprise the Board of Directors regarding the status of remediation efforts of known risks and of any new risks that may have arisen since the previous report.

**Compliance Policies and Procedures**

In accordance with the 1940 Act, we have adopted and implemented written policies and procedures reasonably designed to prevent violation of the U.S. federal securities laws, and we review these compliance policies and procedures annually for their adequacy and the effectiveness of their implementation. In addition, we have designated Mr. Lilly as our Chief Compliance Officer. As such, Mr. Lilly is responsible for administering our compliance program and meeting with our Board of Directors at least annually to assess its effectiveness.

**Code of Business Conduct and Ethics and Corporate Governance Guidelines**

We have adopted a code of business conduct and ethics and corporate governance guidelines covering ethics and business conduct. These documents apply to our directors, officers and employees. Our code of business conduct and ethics and corporate governance guidelines are available on the Investor Relations section of our website at the following URL: <http://ir.tcap.com>. We will report any material amendments to or waivers of a required provision of our code of conduct and/or corporate governance guidelines on our website and/or in a Current Report on Form 8-K.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### DIRECTOR COMPENSATION

Our directors are divided into two groups — interested directors and independent directors. Interested directors are “interested persons” as defined in Section 2(a)(19) of the 1940 Act. The compensation table below sets forth compensation that our independent directors earned during the year ended December 31, 2010. Our interested directors are not compensated for their service as Board members.

Name	Year	Fees Earned or Paid in Cash	Stock Awards(1)	All Other Compensation	Total
W. McComb Dunwoody	2010	\$ 9,750	\$30,000	—	\$39,750
Mark M. Gambill	2010	\$ 11,000	\$30,000	—	\$41,000
Benjamin S. Goldstein	2010	\$ 30,000	\$30,000	—	\$60,000
Simon B. Rich, Jr.	2010	\$ 22,000	\$30,000	—	\$52,000
Sherwood H. Smith, Jr.	2010	\$ 26,000	\$30,000	—	\$56,000

- (1) Grant date fair value of restricted stock awards granted to each non-employee director on May 5, 2010. SEC disclosure rules require reporting of the aggregate grant date fair value computed in accordance with FASB ASC Topic 718.

### Director Fees

In 2010, each of our directors who were not one of our employees or an employee of our subsidiaries earned an annual fee of \$30,000 worth of restricted stock in Triangle, calculated based on the share price of our common stock as of the close of the Nasdaq Global Market on May 5, 2010, the date of grant. Based on this calculation, each of our independent directors received 2,089 shares of restricted stock, which vested on May 5, 2011.

In addition, independent directors received a fee of \$2,500 for each Board meeting attended in person and \$1,250 for each Board meeting attended by conference telephone or similar communications equipment; audit committee members receive a fee of \$1,500 for each audit committee meeting attended in person and \$750 for each audit committee meeting attended by conference telephone or similar communication equipment; and members of our compensation committee and nominating and corporate governance committee receive a fee of \$1,000 for each committee meeting attended in person and \$500 for each committee meeting attended by conference telephone or similar communication equipment. Finally, our audit committee chairman receives an annual fee of \$10,000, and each of our compensation committee and nominating and corporate governance committee chairmen received an annual fee of \$5,000 for their services as chairmen of their respective committees. The Director Compensation Table above takes into account all changes in director compensation made during the 2009 fiscal year. We also reimbursed our independent directors for all reasonable direct out-of-pocket expenses incurred in connection with their service on the Board. Directors who are also our employees or employees of our subsidiaries did not receive compensation for their services as directors.

To continue our ability to attract and retain highly-qualified individuals to serve as directors, the compensation committee sought to make our director compensation more comparable to director compensation paid by a peer group of internally managed BDCs. To this end, at the January and February 2011 meetings of the Board of Directors and its constituent committees, the compensation committee approved an increase in the cash component of the compensation paid to our non-employee directors. Beginning in 2011, each of our non-employee directors will receive an additional annual retainer of \$20,000 in cash for their service on the Board. This annual retainer will be in addition to the compensation currently paid to our non-employee directors.

## **Non-Employee Director Equity Compensation**

Our Board of Directors and sole stockholder approved Triangle's 2007 Equity Incentive Plan, or the Original Plan, effective February 13, 2007, for the purpose of attracting and retaining the services of executive officers, directors and other key employees. During our fiscal year ended December 31, 2007, no equity incentive awards were granted under the Original Plan, in part due to certain 1940 Act restrictions which disallow the issuance of certain types of compensation to a business development company's employees and non-employee directors without having first obtained exemptive relief. In 2007, we filed a request with the Securities and Exchange Commission, or the SEC, for such exemptive relief with respect to our ability to issue restricted stock to our employees and non-employee directors. On March 18, 2008 we received an order from the SEC authorizing such issuance of restricted stock to our employees and non-employee directors pursuant to the terms of the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan, or the Amended and Restated Plan, and as otherwise set forth in the exemptive order. In 2008, our Board approved, and at the 2008 Annual Stockholders Meeting the stockholders voted to approve, the Amended and Restated Plan. During our fiscal year ended December 31, 2010, we granted restricted share awards to our officers, directors and key employees as compensation related to performance in 2009.

The following is a summary of the material features of the Amended and Restated Plan. It may not contain all of the information important to you. The Amended and Restated Plan includes provisions allowing the issuance of restricted stock to all key employees and directors. Restricted stock refers to an award of stock that is subject to forfeiture restrictions and may not be transferred until such restrictions have lapsed. The Amended and Restated Plan will also allow us to issue options to our key employees in the future should our Board and compensation committee choose to do so.

Under the Amended and Restated Plan, up to 900,000 shares of our common stock are authorized for issuance. Participants in the Amended and Restated Plan who are employees and employee directors may receive awards of options to purchase shares of common stock or grants of restricted stock, as determined by the Board. Participants who are non-employee directors may receive awards of restricted stock in accordance with certain parameters as discussed below. The basis of such participation is to provide incentives to our employees and directors in order to attract and retain the services of qualified professionals.

Options granted under the Amended and Restated Plan entitle the optionee, upon exercise, to purchase shares of common stock at a specified exercise price per share. Options must have a per share exercise price of no less than the fair market value of a share of stock on the date of the grant, subject to forfeiture provisions as determined by the Board. The exercise period of each stock option awarded will expire on a date determined by the Board, such date to be specified in the stock option award agreement; however, the Plan also states that no stock option award will be exercisable after the expiration of ten years from the date such stock option was granted.

The Amended and Restated Plan permits the issuance of restricted stock to employees and directors consistent with such terms and conditions as the Board shall deem appropriate, subject to the limitations set forth in the plan. With respect to awards issued to our employees and officers, the Board will determine the time or times at which such shares of restricted stock will become exercisable and the terms on which such shares will remain exercisable. Shares granted pursuant to a restricted stock award will not be transferable until such shares have vested in accordance with the terms of the award agreement, unless the transfer is by will or by the laws of descent and distribution.

The Amended and Restated Plan provides that our non-employee directors each receive an automatic grant of restricted stock at the beginning of each one-year term of service on the Board, for which forfeiture restrictions lapse one year from the grant date. The number of shares granted to each non-employee director in 2010 was the equivalent of \$30,000 worth of shares, taken at the market value at the close of the Nasdaq Global Market on the date of grant, which historically has been the date of our annual stockholders meeting. The grants of restricted stock to non-employee directors under the Amended and Restated Plan will be automatic (that is, the

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grants will equal \$30,000 worth of restricted stock each year), and the terms thereunder will not be changed without SEC approval. Shares granted pursuant to a restricted stock award will not be transferable until such shares have vested in accordance with the terms of the award agreement, unless the transfer is by will or by the laws of descent and distribution.

On December 9, 2010, we began trading our common stock on the NYSE. Accordingly, our Board of Directors has delegated administration of the Amended and Restated Plan to its compensation committee, currently comprised solely of three (3) independent directors who are independent pursuant to the listing requirements of the NYSE. Our Board may abolish such committee at any time and revest in our Board the administration of the Amended and Restated Plan. Our Board administers the Amended and Restated Plan in a manner that is consistent with the applicable requirements of the NYSE and the exemptive order.

## **EXECUTIVE COMPENSATION**

### **General**

In 2010, our senior management team consisted of Garland S. Tucker, Brent P.W. Burgess and Steven C. Lilly. We refer to these three officers in 2010 as our named executive officers, or NEOs. Each of our NEOs entered into employment agreements with us in 2007 for two-year terms, was compensated according to the terms of such agreements, which are described herein, and each employment agreement expired on February 20, 2009. In February 2009, upon determination by our compensation committee that it would be in the best interests of the Company and its stockholders for the Company to operate without employment agreements, we requested that our NEOs waive all notice requirements pursuant to their employment agreements and agree not to renew them on a going-forward basis in 2009. After consideration, Messrs. Tucker, Burgess, and Lilly agreed with our compensation committee, voluntarily waiving their notice rights as to the renewal of their employment agreements. As a result, since February 21, 2009, none of our employees is party to an employment agreement with us. Each executive officer continues to be paid a base salary and is eligible to receive cash bonuses and equity incentives in the discretion of our Board of Directors and compensation committee.

Our executive compensation program is designed to encourage our executive officers to think and act like stockholders of the Company. The structure of the NEOs' employment agreements and our incentive compensation programs were designed to encourage and reward the following:

- sourcing and pursuing attractively priced investment opportunities in all types of securities of lower middle market privately-held companies;
- participating in comprehensive due diligence with respect to our investments;
- ensuring we allocate capital in the most effective manner possible; and
- working efficiently and developing relationships with other professionals.

Our compensation committee reviewed and approved all of our compensation policies for 2009.

We completed our initial public offering, or IPO, in February 2007. As our first four years of operation as a publicly traded business development company, or BDC, 2007, 2008, 2009 and 2010 represented a period of constant development and growth for us, and we worked to create an executive compensation program that would effectively achieve our desired objectives stated above. We intend to continue the process of aligning executive compensation and our goals in 2011.

As a BDC, we must comply with the requirements of the 1940 Act. The 1940 Act imposes certain limitations on the structure of our compensation programs, including limitations on our ability to issue certain equity-based compensation to our employees and directors. In 2008, we received an exemptive order from the

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SEC which permits us to issue restricted share awards as part of the compensation packages for our employees and directors. In 2008, we revised our 2007 Equity Incentive Plan in accordance with the SEC's comments. Our Board has approved the Amended and Restated Plan and our stockholders voted to approve the Amended and Restated Plan at our 2008 Annual Meeting of Stockholders.

### **Executive Compensation Policy**

In 2010, we compensated our NEOs through a combination of base salary, cash bonuses and restricted stock awards. Our integration of restricted stock awards into our overall compensation philosophy is designed to make us competitive with comparable employers and to align management's incentives with the long-term interests of our stockholders. In allocating among these elements the compensation committee believes that the compensation of our NEOs should be based predominately on company and individual performance.

### **Overview**

Our performance-driven compensation policy consists of the following three components:

- Base salary;
- Annual cash bonuses; and
- Long-term compensation pursuant to our equity incentive plan.

We designed each NEO's compensation package to appropriately reward the NEO for his contribution to the Company. Our compensation philosophy has not historically been, and going forward will not be, a mechanical process, and our compensation committee will continue to use its judgment and experience, working in conjunction with our chief executive officer and an independent compensation consultant, to determine the appropriate mix of compensation for each individual. Cash compensation consisting of base salary and discretionary cash bonuses tied to achievement of performance goals set by the compensation committee are intended to incentivize NEOs to remain with us in their roles and work hard to achieve our goals. Stock-based compensation in the form of restricted stock was awarded based on individual performance expectations set by the compensation committee.

### **Establishing Compensation Levels**

#### ***Role of the Compensation Committee and Management***

As set forth in the Compensation Committee Charter, our compensation committee's primary responsibility is to evaluate the compensation of our executive officers and assure that they are compensated effectively and in a manner consistent with our stated compensation objectives. The compensation committee also periodically reviews our corporate goals and objectives relevant to executive compensation, our executive compensation structure to ensure that it is designed to achieve the objectives of rewarding the company's executive officers appropriately for their contributions to corporate growth and profitability and our other goals and objectives. At least annually, the compensation committee will evaluate the compensation of our executive officers and determine the amounts and individual elements of total compensation for executive officers consistent with our corporate goals and objectives and will communicate to stockholders the factors and criteria on which the executive officers' compensation is based, including the relationship of our performance to the executive officers' compensation. With respect to the compensation of our executive officers other than the chief executive officer, the committee works with the chief executive officer to conduct these reviews. The committee will also periodically evaluate the terms and administration of our annual and long-term incentive plans, including equity compensation plans, to ensure that they are structured and administered in a manner consistent with our goals and objectives as to participation in such plans, target annual incentive awards, corporate financial goals, actual awards paid to executive officers, and total funds allocated for payment under the compensation plans.

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### ***Assessment of Market Data***

To assess the competitiveness of our executive compensation levels, we developed a comparative group of internally managed BDCs and performed comprehensive analyses of competitive performance and compensation levels. In 2010, this comparative group included the following: Capital Southwest Corporation; Fifth Street Finance Corp.; Hercules Technology Growth Capital, Inc.; Kohlberg Capital Corporation; Main Street Capital Corporation; MCG Capital Corporation; Medallion Financial Corp.; and Utek Corporation. The compensation committee also reviewed relevant data for a group of externally managed BDCs.

Our analysis centered around key elements of compensation practices within the BDC industry in general and, more specifically, compensation practices at internally managed BDCs closer in asset size, typical investment size, typical investment type, market capitalization, and general business scope to our Company. Items we reviewed included, but were not necessarily limited to, base compensation, bonus compensation and restricted stock awards. In addition to actual levels of compensation, we also analyzed the approach other BDCs were taking with regard to their compensation practices. Items we reviewed included, but were not necessarily limited to, the targeted mix of cash and equity compensation, the use of a third party compensation consultant, and certain corporate and executive performance measures established to achieve total returns for stockholders.

Although each of the comparative companies is not exactly comparable in size, scope and operations, the compensation committee believes that they were the most relevant comparable companies available with disclosed executive compensation data, and they provide a good representation of competitive compensation levels for our executives.

### ***Assessment of Company Performance***

We believe that the alignment of (i) a company's business plan, (ii) its stockholders expectations and (iii) its employee compensation is essential to long term business success in the interest of our stockholders and employees. We typically make three to seven year investments in privately held businesses. Our business plan involves taking on investment risk over an extended period of time, and a premium is placed on our ability to maintain stability of net asset values and continuity of earnings to pass through to stockholders in the form of recurring dividends. Our strategy is to generate income and capital gains from our portfolio of investments in the debt and equity securities of our customers. This income supports the payment of dividends to our stockholders. Therefore, a key element of our return to stockholders is in the form of current income through the payment of dividends. This recurring payout requires a methodical asset acquisition approach and active monitoring and management of our investment portfolio over time. A meaningful part of our employee base is dedicated to the maintenance of asset values and expansion of this recurring revenue to support and grow dividends.

### ***Compensation Determination***

We analyzed the competitiveness of the previously described components of compensation individually, as well as in total, as compared to a peer group of internally managed BDCs. Also, we reviewed compensation practices of other externally managed BDCs. The Company has performed very favorably based on such comparisons.

## **Classes of Executive Compensation**

### ***Base salary***

Base salary is used to recognize particularly the experience, skills, knowledge and responsibilities required of the executive officers in their roles. In establishing the 2010 base salaries of the NEOs, the compensation committee and management considered a number of factors including the seniority of the individual, the functional role of the position, the level of the individual's responsibility, the ability to replace the individual and the base salary of the individual in 2009. In addition, we considered the base salaries paid to comparably situated



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executive officers in other BDCs and other competitive market practices. Finally, we used a compensation consultant in order to get an objective third party expert's insight into our NEOs' base salaries.

The salaries of the NEOs are reviewed on an annual basis, as well as at the time of promotion or other changes in responsibilities. The leading factors in determining increases in salary level are relative cost of living and competitive pressures.

### ***Determination of 2010 Annual Base Salary***

The compensation committee annually reviews the base salary for each of our executive officers and determines whether or not to adjust it in its sole discretion. Increases to base salary are awarded to recognize levels of responsibilities and related individual performance, and to address changes in the external competitive market for a given position.

Mr. Tucker was paid an annual base salary of \$317,500 as of December 31, 2010. Mr. Tucker's base salary recognizes his overall responsibility for the Company and his continued leadership which enabled us to achieve the majority of our operational and financial objectives in 2009.

Mr. Burgess was paid an annual base salary of \$275,000 as of December 31, 2010. Mr. Burgess' base salary recognizes his lead role in managing all investment activity of the Company, including marketing, structuring, closing and monitoring portfolio company investments.

Mr. Lilly was paid an annual base salary of \$250,000 as of December 31, 2010. Mr. Lilly's base salary recognizes his lead role in managing all financial aspects of our Company, including his leadership in matters relating to our capital structure, the media and investor relations. Mr. Lilly's base salary also reflected his service as our Company's Chief Compliance Officer.

### ***Annual Cash Bonuses***

We pay annual cash bonuses to reward corporate and individual achievements for the prior fiscal year. We determined that annual cash bonuses will be based on the compensation committee's discretionary assessment of the Company's and the NEO's performance, with recommendations from the chief executive officer for NEOs other than himself. For 2010, NEOs were eligible for cash bonuses, ranging from 0% to up to 100.0% of their highest annual rate of base salary, depending on the NEO's position. Performance achievements which were considered in the determination of cash bonuses for fiscal 2010 include individual performance and Company performance (based upon a comparison of actual performance to budgeted performance).

### ***Determination of Annual Cash Bonuses***

Cash bonuses for 2010 were paid in February of 2011 and were typically determined as a percentage of each employee's salary, based on individual performance and each employee's level within the Company. Our NEOs' annual cash bonuses paid for performance in 2010 are disclosed in the bonus column of the Summary Compensation Table. All of our NEOs' cash bonuses earned during 2010 were determined based on performance goals adopted by the compensation committee. The potential bonus ranges for each of our NEOs are presented below, as well as the actual percentage of bonuses paid as compared to salary paid in 2010 for each of our NEOs:

NEO	Minimum Performance % of 2010 Salary	Target Performance % of 2010 Salary	Actual % of 2010 Salary Awarded(1)
Garland S. Tucker, III	0%	100.0%	100.0%
Brent P.W. Burgess	0%	100.0%	100.0%
Steven C. Lilly	0%	100.0%	100.0%

(1) Bonus calculations are based on each NEO's salary as of December 31, 2010.

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All of our NEOs' cash bonuses for 2010 were determined based on the compensation committee's analysis of certain individual performance-based elements including how efficiently capital was deployed and the establishment of meaningful operational policies and procedures, including but not limited to, portfolio valuation, portfolio monitoring processes, asset management processes, transaction monitoring processes and maintaining appropriate dividend payouts to stockholders.

*Mr. Tucker* was paid an annual cash bonus of \$317,500 for 2010, which is a \$52,500 decrease from his annual cash bonus for 2009. Mr. Tucker's cash bonus reflects his overall responsibility for the Company and his continued leadership in 2010, which enabled us to achieve the majority of our operational and financial objectives.

*Mr. Burgess* was paid an annual cash bonus of \$275,000 for 2010, which is a \$35,000 decrease from his annual cash bonus for 2009. Mr. Burgess' cash bonus reflects his ability to manage the Company's investment process, including sourcing new investments, monitoring our portfolio and guiding all of the investments we made during 2010 to a successful closing on terms we believe will be favorable to the Company.

*Mr. Lilly* was paid an annual cash bonus of \$250,000 for 2010, which is a \$10,000 decrease from his annual cash bonus for 2009. Mr. Lilly's cash bonus reflects his lead role in managing all financial aspects of our Company, including his leadership in matters relating to our capital structure, the media and investor relations. Mr. Lilly's cash bonus also reflected his service as our Chief Compliance Officer during 2010.

## **Long Term Incentive Compensation**

### ***General***

Our Board of Directors adopted the Amended and Restated Plan in order to provide stock-based awards as incentive compensation to our employees and non-employee directors. Since our IPO, our compensation committee has chosen to utilize shares of our restricted stock, rather than stock options or other equity-based incentive compensation, as its long term incentive compensation strategy.

We use stock-based awards to (i) attract and retain key employees, (ii) motivate our employees by means of performance-related incentives to achieve long-range performance goals, (iii) enable our employees to participate in our long-term growth and (iv) link our employees' compensation to the long-term interests of our stockholders. The compensation committee has been delegated exclusive authority by our Board of Directors to select the persons to receive stock-based awards. At the time of each award granted to each NEO, the compensation committee determines the terms of the award in its sole discretion, including their performance period (or periods) and the performance objectives relating to the award.

### ***Options***

Since our IPO, our compensation committee has not utilized options to purchase our common stock as a form of compensation to our NEOs and other employees. As such, we did not grant any stock options to our employees in 2010.

Our compensation committee may, however, in its sole discretion (upon delegation by the Board) grant our employees options to purchase our common stock (including incentive stock options and non-qualified stock options). We expect that, if granted, options will represent a fixed number of shares of our common stock, will have an exercise, or strike, price equal to the fair market value of our common stock on the date of such grant, and will be exercisable, or "vested," at some later time after grant. Upon any stock option grant, its exercise price will not be changed absent specific SEC approval that we may do so. The "fair market value" will be defined as either (i) the closing sales price of the our common stock on the NYSE, or any other such exchange on which the shares are traded, on such date, (ii) in the absence of reported sales on such date, the closing sales price on the

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immediately preceding date on which sales were reported or (iii) in the event there is no public market for the shares on such date, the fair market value as determined, in good faith, by our Board in its sole discretion (which will in no event will be less than the net asset value of such shares of common stock on such date), and for purposes of a sale of a share of common stock as of any date, the actual sales price on that date. Some stock options granted by our compensation committee may vest simply by the holder remaining with the Company for a period of time, and some may vest based on meeting certain performance goals. We anticipate that our options, if granted in the future, will be valued for financial reporting purposes using the Black Scholes valuation method, and charges to earnings will be taken over the relevant service period pursuant to FASB ASC Topic 718, *Stock Compensation* (formerly Statement of Accounting Standards No. 123R, *Share-Based Payment*).

Specific performance factors that the compensation committee may consider in determining the vesting of options may include individual employee performance objectives such as work ethic, business development, proficiency and overall contribution to the Company.

### ***Restricted Stock***

Upon obtaining the requisite exemptive relief from the SEC in 2008, our compensation committee has utilized restricted shares of our common stock as the sole form of equity-based incentive compensation to our NEOs and other employees.

Generally BDCs, such as us, may not grant shares of their stock for services without an exemptive order from the SEC. In 2007, we filed a request with the SEC for exemptive relief with respect to our ability to issue restricted stock to our employees and non-employee directors. On February 6, 2008, the Board voted to approve the Amended and Restated Plan and to recommend approval of the Amended and Restated Plan by stockholders, subject to an order from the SEC granting exemptive relief. On March 18, 2008, we received an order from the SEC authorizing such issuance of restricted stock to our employees and non-employee directors, subject to certain restrictions. As such, we were able to begin the implementation of our long-term compensation strategies through granting restricted stock to our non-employee directors, NEOs and other key employees in 2008 and continued to do so in 2009 and 2010. We have complied with each condition required by the SEC's exemptive order, as amended.

The Amended and Restated Plan allows our Board (and compensation committee, after delegation of administrative duties) to grant shares of restricted stock to our employees. Each restricted stock award is for a fixed number of shares as set forth in an award agreement between the grantee and us. Award agreements set forth time and/or performance vesting schedules and other appropriate terms and/or restrictions with respect to awards, including rights to dividends and voting rights.

### ***Determination of Restricted Stock Awards***

Specific performance factors that the compensation committee considered in determining the granting of restricted stock in 2010 included individual employee performance objectives such as work ethic, proficiency and overall contribution to the Company during our fiscal year ended December 31, 2009. The amount of restricted stock awarded to each of our executive officers is unrelated to the number of shares we may sell below net asset value. Restricted stock is issued to employees under our Amended and Restated Plan, pursuant to which we have reserved a total of 900,000 shares of common stock for issuance.

Mr. Tucker was awarded 30,833 shares of restricted stock in 2010, which is an increase of 1,651 shares of restricted stock from that which was granted to him in 2009. This award reflects Mr. Tucker's leadership during 2009, which enabled us to achieve the majority of our operational and financial objectives. Mr. Tucker's performance during this time period was vital to our Company's success.

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*Mr. Burgess* was awarded 26,667 shares of restricted stock in 2010, which is an increase of 3,031 shares of restricted stock from that which was granted to him in 2009. This award reflects Mr. Burgess' leadership in implementing our investment strategy during 2009, including the expansion of our investment team, the deal sourcing of certain portfolio investments and guidance of each investment through our internal investment process from inception to closing.

*Mr. Lilly* was awarded 20,833 shares of restricted stock in 2010, which is a decrease of 258 shares of restricted stock from that which was granted to him in 2009. This award reflects Mr. Lilly's role in managing all financial aspects of our Company, including his leadership in matters relating to our capital structure, the media and investor relations. Mr. Lilly's restricted stock award also reflected his service as our Chief Compliance Officer during 2010.

### ***Tax and Accounting Considerations***

Section 162(m) of the Code limits our deduction for U.S. federal income tax purposes to not more than \$1 million of compensation paid to certain executive officers in a calendar year. Compensation above \$1 million may be deducted if it is "performance-based compensation" as defined in the Code and the Treasury Regulations thereunder. Our compensation committee has not established a policy for determining which forms of incentive compensation awarded to our executive officers should be designated to qualify as "performance-based compensation" for U.S. federal income tax purposes. To maintain flexibility in compensating our executive officers in a manner designed to promote our objectives, the compensation committee has not adopted a policy that requires all compensation to be deductible. However, the compensation committee evaluates the effects of the compensation limits of Section 162(m) of the Code on all compensation it proposes to grant, and the compensation committee intends to provide all executive compensation in a manner consistent with our best interests and those of our stockholders. In 2010, none of our executive officers received compensation that would exceed the \$1 million limit on deductibility under Section 162(m) of the Code.

In awarding restricted stock awards for performance in 2010, we accounted for share-based awards under the provisions of FASB ASC Topic 718, *Stock Compensation* (formerly Statement of Accounting Standards No. 123R, *Share-Based Payment*). ASC Topic 718 establishes accounting for stock-based awards exchanged for goods or services. Accordingly, stock-based compensation cost is measured at grant date, based on the fair value of the awards, and is recognized as an expense ratably over the requisite service period. Accounting rules also require us to record cash compensation as an expense at the time the obligation is incurred.

### ***Conclusion***

Our compensation policies are designed to fairly compensate, retain and motivate our NEOs. The retention and motivation of our NEOs should enable us to grow strategically and position ourselves competitively in our market.

## EXECUTIVE OFFICER COMPENSATION

The respective compensation of our named executive officers in 2008, 2009 and 2010 was as follows:

Name	Principal Position	Year	Base Salary	Bonus	Restricted Stock Awards(1)	All Other Compensation	Total
Garland S. Tucker, III	CEO	2010	\$304,375	\$317,500	\$365,063(2)	\$ 140,097(3)	\$1,127,035
		2009	\$265,000	\$370,000	\$309,913(4)	\$ 109,254(5)	\$1,054,167
		2008	\$265,000	\$265,000	\$245,020(6)	\$ 60,389(7)	\$ 835,409
Brent P.W. Burgess	CIO(8)	2010	\$266,250	\$275,000	\$315,737(2)	\$ 113,222(3)	\$ 970,209
		2009	\$240,000	\$310,000	\$251,014(4)	\$ 85,568(5)	\$ 886,582
		2008	\$240,000	\$240,000	\$221,900(6)	\$ 46,290(7)	\$ 748,190
Steven C. Lilly	CFO	2010	\$247,500	\$250,000	\$246,663(2)	\$ 98,557(3)	\$ 842,720
		2009	\$240,000	\$260,000	\$223,986(4)	\$ 81,187(5)	\$ 805,173
		2008	\$240,000	\$240,000	\$221,900(6)	\$ 46,054(7)	\$ 747,954

- (1) The Company accounts for its equity-based compensation plan using the fair value method, as prescribed by ASC Topic 718, Stock Compensation (former 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.
- (2) Grant date fair value of restricted stock awards granted during 2010.
- (3) Includes (i) value of benefits in the form of 401(k) contributions, health, life and disability insurance premiums paid by the Company in 2010 and (ii) value of dividends received or earned in 2010 in respect of each executive officer's unvested restricted stock awards.
- (4) Grant date fair value of restricted stock awards granted during 2009.
- (5) Includes (i) value of benefits in the form of 401(k) contributions, health, life and disability insurance premiums paid by the Company in 2009 and (ii) value of dividends received or earned in 2009 in respect of each executive officer's unvested restricted stock awards.
- (6) Grant date fair value of restricted stock awards granted during 2008.
- (7) Includes (i) value of benefits in the form of 401(k) contributions, health, life and disability insurance premiums paid by the Company in 2008 and (ii) value of dividends received or earned in 2008 in respect of each executive officer's unvested restricted stock awards.
- (8) "CIO" stands for Chief Investment Officer.

### Equity Incentive Plan

Our Board of Directors and sole stockholder approved Triangle's 2007 Equity Incentive Plan, or the Original Plan, effective February 13, 2007, for the purpose of attracting and retaining the services of executive officers, directors and other key employees. During our fiscal year ended December 31, 2007, no equity incentive awards were granted under the Original Plan, in part due to certain 1940 Act restrictions which disallow the issuance of certain types of compensation to a business development company's non-employee directors and employees without having first obtained exemptive relief. In 2007, we filed a request with SEC for such exemptive relief with respect to our ability to issue restricted stock to our employees and non-employee directors. On March 18, 2008 we received an order from the SEC authorizing such issuance of restricted stock to our employees and non-employee directors pursuant to the terms of the Amended and Restated Plan and as otherwise set forth in the exemptive order. In 2008, our Board approved, and the stockholders voted to approve, the Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan, or the Amended and Restated Plan. During our fiscal years ended December 31, 2008, 2009 and 2010, we granted restricted share awards to our officers, directors and key employees in accordance with the Amended and Restated Plan.

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The following is a summary of the material features of the Amended and Restated Plan. It may not contain all of the information important to you. The Amended and Restated Plan includes provisions allowing the issuance of restricted stock to all key employees and directors. Restricted stock refers to an award of stock that is subject to forfeiture restrictions and may not be transferred until such restrictions have lapsed. The Amended and Restated Plan will also allow us to issue options to our key employees in the future should our Board and compensation committee choose to do so.

Under the Amended and Restated Plan, up to 900,000 shares of our common stock are authorized for issuance. Participants in the Amended and Restated Plan who are employees may receive awards of options to purchase shares of common stock or grants of restricted stock, as determined by the Board. Participants who are non-employee directors may receive awards of restricted stock in accordance with certain parameters as discussed below. The basis of such participation is to provide incentives to our employees and directors in order to attract and retain the services of qualified professionals.

Options granted under the Amended and Restated Plan entitle the optionee, upon exercise, to purchase shares of common stock at a specified exercise price per share. Options must have a per share exercise price of no less than the fair market value of a share of stock on the date of the grant, subject to forfeiture provisions as determined by the Board. The exercise period of each stock option awarded will expire on a date determined by the Board, such date to be specified in the stock option award agreement; however, the Plan also states that no stock option award will be exercisable after the expiration of ten years from the date such stock option was granted.

The Amended and Restated Plan permits the issuance of restricted stock to employees and directors consistent with such terms and conditions as the Board shall deem appropriate, subject to the limitations set forth in the plan. With respect to awards issued to our employees, the Board will determine the time or times at which such shares of restricted stock will become exercisable and the terms on which such shares will remain exercisable. Shares granted pursuant to a restricted stock award will not be transferable until such shares have vested in accordance with the terms of the award agreement, unless the transfer is by will or by the laws of descent and distribution.

The Amended and Restated Plan provides that our non-employee directors each receive an automatic grant of restricted stock at the beginning of each one-year term of service on the Board, for which forfeiture restrictions lapse one year from the grant date. From 2008 forward, the grants of restricted stock to non-employee directors under the Amended and Restated Plan are automatic, that is, the grants will equal \$30,000 worth of restricted stock each year, taken at the market value at the close of the NYSE on the date of grant, which historically has been the date of our annual stockholders meeting. The terms thereunder will not be changed without SEC approval. Shares granted pursuant to a restricted stock award will not be transferable until such shares have vested in accordance with the terms of the award agreement, unless the transfer is by will or by the laws of descent and distribution.

Our Board of Directors has delegated administration of the Amended and Restated Plan to its compensation committee, currently comprised solely of three (3) independent directors who are independent pursuant to the listing requirements of the NYSE. Our Board may abolish such committee at any time and reconstitute our Board the administration of the Amended and Restated Plan. Our Board administers the Amended and Restated Plan in a manner that is consistent with the applicable requirements of the NYSE and the exemptive order.

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The following tables and discussions thereunder provide information regarding the Amended and Restated Plan generally and the restricted stock awards granted to our executive officers in 2010:

### Grants of Plan-Based Awards

Name	Grant Date	Stock Awards: Number of Shares of Stock	Grant Date Fair Value of Stock
Garland S. Tucker, III	February 4, 2010	30,833(1)	\$365,063
Brent P.W. Burgess	February 4, 2010	26,667(1)	\$315,737
Steven C. Lilly	February 4, 2010	20,833(1)	\$246,663

(1) Consists of restricted stock which vests ratably over four years from the date of grant.

On February 4, 2010, the Board of Directors, upon recommendation of our compensation committee, approved grants of restricted stock awards to the Company's executive officers as set forth above. All of these restricted shares of stock were valued at \$11.84, the closing price of our common stock on the Nasdaq Global Market on February 4, 2010, the grant date. The restricted share awards granted to the executive officers vest ratably over four years from this grant date.

None of these shares of restricted Stock may be sold, assigned, transferred, pledged, hypothecated or otherwise encumbered or disposed of prior to the their vesting date, and, except as otherwise determined by our Board or compensation committee at or after the grant of each executive officer's award of restricted stock, any of the shares which have not fully vested will be forfeited, and all rights of the executive officer to such shares shall terminate, without further obligation on the part of Triangle, unless the executive officer remains employed with us for the entire vesting period relating to the restricted stock.

In addition, in accordance with the Amended and Restated Plan and each individual award agreement, any share of the Company's stock distributed with respect to the restricted stock reflected in the table above is subject to the same ratable vesting restrictions, terms and conditions as the restricted stock awarded to each executive officer.

### Outstanding Equity Awards at Fiscal Year-End 2010

Name	Number of Shares of Stock That Have Not Vested	Market Value of Shares of Stock That Have Not Vested(1)
Garland S. Tucker, III	63,747(2)	\$ 1,211,193
Brent P.W. Burgess	54,381(3)	\$ 1,033,239
Steven C. Lilly	46,639(4)	\$ 886,141

- (1) The values of the unvested common stock listed are based on a \$19.00 closing price of our common stock as reported on the NYSE on December 31, 2010.
- (2) 11,027 of the shares listed will vest ratably on May 7 of each year until May 7, 2012, 21,887 of the shares listed will vest ratably on February 4 of each year until February 4, 2013 and 30,833 of the shares listed will vest ratably on February 4 of each year until February 4, 2014, at which respective times such shares will be fully vested, subject to the executive officer still being employed with us at such vesting dates.
- (3) 9,987 of the shares listed will vest ratably on May 7 of each year until May 7, 2012, 17,727 of the shares listed will vest ratably on February 4 of each year until February 4, 2013 and 26,667 of the shares listed will vest ratably on February 4 of each year until February 4, 2014, at which respective times such shares will be fully vested, subject to the executive officer still being employed with us at such vesting dates.

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- (4) 9,987 of the shares listed will vest ratably on May 7 of each year until May 7, 2012, 15,819 of the shares listed will vest ratably on February 4 of each year until February 4, 2013 and 20,833 of the shares listed will vest ratably on February 4 of each year until February 4, 2014, at which respective times such shares will be fully vested, subject to the executive officer still being employed with us at such vesting dates.

### Potential Payments upon Termination or Change in Control

This section describes and quantifies the estimated compensation payments and benefits that would be paid to our NEOs upon the occurrence of each of the following triggering events:

- termination upon death or disability (as defined in the Amended and Restated Plan);
- occurrence of a change in control in the Company (as defined in the Amended and Restated Plan).

Effective February 2009, as a result of the determination by our compensation committee that it would be in the best interests of the Company and our stockholders for the Company to operate without employment agreements, none of our employees is party to an employment agreement with the Company. The information below describes those limited instances in which our NEOs would be entitled to payments or other benefits following a termination of employment and/or upon a change in control of Triangle without employment agreements. Our NEOs are "at will" employees and, except as otherwise described below, they are only entitled to payment of accrued salary and vacation time, on the same terms as provided to our other employees, upon any resignation, retirement or termination of employment, with or without cause. Except as otherwise noted below, the calculations below do not include any estimated payments for those benefits that we generally make available on the same terms to our full-time, non-executive employees in the United States.

The estimated payments below are calculated based on compensation arrangements in effect as of December 31, 2010 and assume that the triggering event occurred on such date. The estimated benefit amounts are based on a common stock price of \$19.00, which was the closing price per share of our common stock on the NYSE on December 31, 2010. Our estimates of potential benefits are further based on the additional assumptions specifically set forth in the table below. Although these calculations are intended to provide reasonable estimates of potential compensation benefits, the estimated benefit amounts may differ from the actual amount that any individual would receive upon termination or the costs to Triangle associated with continuing certain benefits following termination of employment.

### Stock Awards

Name	Termination for Cause		Termination from Death, from Disability or Occurrence of Change in Control	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Garland S. Tucker, III	—	—	63,747	\$ 1,211,193
Brent P.W. Burgess	—	—	54,381	\$ 1,033,239
Steven C. Lilly	—	—	46,639	\$ 886,141

### 401(k) Plan

In 2010, we maintained a 401(k) plan in which all full-time employees who were at least 21 years of age were eligible to participate. Only full-time employees who are at least 21 years of age and have 90 days of service are eligible to participate and receive certain employer contributions. Eligible employees have the opportunity to contribute their compensation on a pretax salary basis into the 401(k) plan up to \$16,500 for the plan year, and to direct the investment of these contributions. Plan participants who reach the age of 50 prior to or during the plan year are eligible to defer up to an additional \$5,500 for the plan year.



## **CERTAIN RELATIONSHIPS AND TRANSACTIONS**

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

In addition, under current SEC rules and regulations, BDCs may not grant options or restricted stock to directors who are not officers or employees of the BDC. Similarly, under the 1940 Act, BDCs cannot issue stock for services to their executive officers and employees other than options, warrants and rights to acquire capital stock. In March 2008, we received an exemptive relief order from the SEC that (a) permits us to grant restricted stock to our independent directors as a part of their compensation for service on our Board and (b) permits us to grant restricted stock in exchange for or in recognition of services by our executive officers and employees.

For information regarding the amount of common stock owned by members of management, see “Control Persons and Principal Stockholders” below.

## CONTROL PERSONS AND PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of March 3, 2011, by each of our executive officers and independent directors and all of our directors and executive officers as a group. As of March 3, 2011, we are not aware of any 5% beneficial owners of our common stock, nor are we aware of any person who controls us, "control" being defined as the beneficial ownership of more than 25% of our common stock.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the securities. There is no common stock subject to options or warrants that are currently exercisable or exercisable within 60 days of March 3, 2011. Percentage of beneficial ownership is based on 18,508,090 shares of common stock outstanding as of March 3, 2011. The business address of each person below is 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Class(2)	Dollar Range of Equity Securities Beneficially Owned(3)(4)
<i>Executive Officers</i>			
Garland S. Tucker, III	215,805(5)	1.2%	over \$100,000
Brent P.W. Burgess	199,343(6)	1.1%	over \$100,000
Steven C. Lilly	141,086(7)	*	over \$100,000
<i>Independent Directors:</i>			
W. McComb Dunwoody	140,833(8)	*	over \$100,000
Mark M. Gambill	2,206(9)	*	\$10,001 - \$ 50,000
Benjamin S. Goldstein	18,827(10)	*	over \$100,000
Simon B. Rich, Jr.	31,279(11)	*	over \$100,000
Sherwood H. Smith, Jr.	66,645(12)	*	over \$100,000
All Directors and Executive Officers as a Group	816,024	4.4%	over \$100,000

\* Less than 1.0%

- (1) Beneficial ownership has been determined in accordance with Rule 13d-3 of the Exchange Act.
- (2) Based on a total of 18,508,090 shares issued and outstanding as of March 3, 2011.
- (3) Beneficial ownership has been determined in accordance with Rule 16a-1(a)(2) of the Exchange Act.
- (4) The dollar range of equity securities beneficially owned by our directors is based on a stock price of \$19.50 per share as of March 3, 2011.
- (5) Includes 81,522 shares of restricted stock and 35,864 shares held by Mr. Tucker's wife.
- (6) Includes 70,139 shares of restricted stock.
- (7) Includes 58,937 shares of restricted stock.
- (8) Includes 2,206 shares of restricted stock.
- (9) Includes 2,206 shares of restricted stock.
- (10) Includes 2,206 shares of restricted stock.
- (11) Includes 2,206 shares of restricted stock, 3,500 shares held by Mr. Rich's wife and 525 shares held by Rich Farms, Inc.
- (12) Includes 2,206 shares of restricted stock and 29,088 shares held by Mr. Smith's wife.

## SALES OF COMMON STOCK BELOW NET ASSET VALUE

On June 13, 2011, our stockholders approved our ability to sell an unlimited number of shares of our common stock at any level of discount from net asset value (NAV) per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. In order to sell shares pursuant to this authorization a majority of our directors who have no financial interest in the sale and a majority of our independent directors must (a) find that the sale is in our best interests and in the best interests of our stockholders, and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares, or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of such shares, less any distributing commission or discount. Any offering of common stock below NAV per share will be designed to raise capital for investment in accordance with our investment objective.

In making a determination that an offering below NAV per share is in our and our stockholders' best interests, our Board of Directors would consider a variety of factors including:

- The effect that an offering below NAV per share would have on our stockholders, including the potential dilution they would experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of par common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the estimated offering price would closely approximate the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- the nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments; and
- The leverage available to us.

We will not sell shares under a prospectus supplement to the post-effective amendment to the registration statement of which this prospectus forms a part (the "current amendment") if the cumulative dilution to the Company's NAV per share from offerings under the current amendment exceeds 15%. This would be measured separately for each offering pursuant to the current amendment by calculating the percentage dilution or accretion to aggregate NAV from that offering and then summing the percentage from each offering. For example, if our most recently determined NAV at the time of the first offering is \$15.00 and we have 30 million shares outstanding, sale of 6 million shares at net proceeds to us of \$7.50 per share (a 50% discount) would produce dilution of 8.33%. If we subsequently determined that our NAV per share increased to \$15.75 on the then 36 million shares outstanding and then made an additional offering, we could, for example, sell approximately an additional 7.2 million shares at net proceeds to us of \$9.45 per share, which would produce dilution of 6.67%, before we would reach the aggregate 15% limit. If we file a new post-effective amendment, the threshold would reset.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

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The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different set of investors:

- existing stockholders who do not purchase any shares in the offering;
- existing stockholders who purchase a relative small amount of shares in the offering or a relatively large amount of shares in the offering;
- new investors who become stockholders by purchasing shares in the offering.

### **Impact On Existing Stockholders Who Do Not Participate in the Offering**

Our existing stockholders who do not participate in an offering below Net Asset Value or “NAV” per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following table illustrates the level of NAV dilution that would be experienced by a nonparticipating stockholder in three different hypothetical offerings of different sizes and levels of discount from NAV per share. It is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

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The examples assume that Company XYZ has 1,000,000 common shares outstanding, \$15,000,000 in total assets and \$5,000,000 in total liabilities. The current NAV and NAV per share are thus \$10,000,000 and \$10.00. The table illustrates the dilutive effect on nonparticipating Stockholder A of (1) an offering of 50,000 shares (5% of the outstanding shares) at \$9.50 per share after offering expenses and commission (a 5% discount from NAV), (2) an offering of 100,000 shares (10% of the outstanding shares) at \$9.00 per share after offering expenses and commissions (a 10% discount from NAV) and (3) an offering of 200,000 shares (20% of the outstanding shares) at \$8.00 per share after offering expenses and commissions (a 20% discount from NAV).

		Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>							
Price per Share to Public	—	\$ 10.00	—	\$ 9.47	—	\$ 8.42	—
Net Proceeds per Share to Issuer	—	\$ 9.50	—	\$ 9.00	—	\$ 8.00	—
<b>Decrease to NAV</b>							
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,200,000	20.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.24)%	\$ 9.91	(0.91)%	\$ 9.67	(3.33)%
<b>Dilution to Stockholder</b>							
Shares Held by Stockholder A	10,000	10,000	—	10,000	—	10,000	—
Percentage Held by Stockholder A	1.0%	0.95%	(4.76)%	0.91%	(9.09)%	0.83%	(16.67)%
<b>Total Asset Values</b>							
Total NAV Held by Stockholder A	\$ 100,000	\$ 99,762	(0.24)%	\$ 99,091	(0.91)%	\$ 96,667	(3.33)%
Total Investment by Stockholder A (Assumed to Be \$10.00 per Share)	\$ 100,000	\$ 100,000	—	\$ 100,000	—	\$ 100,000	—
Total Dilution to Stockholder A (Total NAV Less Total Investment)	—	\$ (238)	—	\$ (909)	—	\$ (3,333)	—
<b>Per Share Amounts</b>							
NAV per Share Held by Stockholder A	—	\$ 9.98	—	\$ 9.91	—	\$ 9.67	—
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share)	\$ 10.00	\$ 10.00	—	\$ 10.00	—	\$ 10.00	—
Dilution per Share Held by Stockholder A (NAV per Share Less Investment per Share)	—	\$ (0.02)	—	\$ (0.09)	—	\$ (0.33)	—
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)	—	—	(0.24)%	—	(0.91)%	—	(3.33)%

### **Impact On Existing Stockholders Who Do Participate in the Offering**

Our existing stockholders who participate in an offering below NAV per share or who buy additional shares in the secondary market at the same or lower price as we obtain in the offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who overparticipates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and the level of discounts increases.

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The following table illustrates the level of dilution and accretion in the hypothetical 20% discount offering from the prior table (Example 3) for a stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., 1,000 shares, which is 0.5% of an offering of 200,000 shares) rather than its 1.0% proportionate share and (2) 150% of such percentage (i.e. 3,000 shares, which is 1.5% of an offering of 200,000 shares rather than its 1.0% proportionate share). The prospectus supplement pursuant to which any discounted offering is made will include a table for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share. It is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

	Prior to Sale Below NAV	50% Participation		150% Participation	
		Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>					
Price per Share to Public	—	\$ 8.42	—	\$ 8.42	—
Net Proceeds per Share to Issuer	—	\$ 8.00	—	\$ 8.00	—
<b>Decrease/Increase to NAV</b>					
Total Shares Outstanding	1,000,000	1,200,000	20.00%	1,200,000	20.00%
NAV per Share	\$ 10.00	\$ 9.67	(3.33)%	\$ 9.67	(3.33)%
<b>Dilution/Accretion to Participating Stockholder</b>					
Shares Held by Stockholder A	10,000	11,000	10.00%	13,000	30.00%
Percentage Held by Stockholder A	1.0%	0.92%	(8.33)%	1.08%	8.33%
<b>Total Asset Values</b>					
Total NAV Held by Stockholder A	\$ 100,000	\$ 106,333	6.33%	\$ 125,667	25.67%
Total Investment by Stockholder A (Assumed to Be \$10.00 per Share on Shares Held Prior to Sale)	\$ 100,000	\$ 108,421	—	\$ 125,263	—
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)	—	\$ (2,088)	—	\$ 404	—
<b>Per Share Amounts</b>					
NAV per Share Held by Stockholder A	—	\$ 9.67	—	\$ 9.67	—
Investment per Share Held by Stockholder A (Assumed to be \$10.00 per Share on Shares Held Prior to Sale)	\$ 10.00	\$ 9.86	—	\$ 9.64	—
Dilution/Accretion per Share Held by Stockholder A (NAV per Share Less Investment per Share)	—	\$ (0.19)	—	\$ 0.03	—
Percentage Dilution / Accretion to Stockholder A (Dilution/Accretion per Share Divided by Investment per Share)	—	—	(1.93)%	—	0.32%

## Impact On New Investors

Investors who are not currently stockholders and who participate in an offering below NAV but whose investment per share is greater than the resulting NAV per share due to selling compensation and expenses paid by the issuer will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share due to selling compensation and expenses paid by the issuer being significantly less than the discount per share will experience an immediate increase in the NAV of their shares and their NAV per share

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compared to the price they pay for their shares. These investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following table illustrates the level of dilution or accretion for new investors that would be experienced by a new investor in the same hypothetical 5%, 10% and 20% discounted offerings as described in the first table above. The illustration is for a new investor who purchases the same percentage (1.0%) of the shares in the offering as Stockholder A in the prior examples held immediately prior to the offering. The prospectus supplement pursuant to which any discounted offering is made will include a table for these examples based on the actual number of shares in such offering and the actual discount from the most recently determined NAV per share. It is not possible to predict the level of market price decline that may occur. Actual sales prices and discounts may differ from the presentation below.

		Example 1 5% Offering at 5% Discount		Example 2 10% Offering at 10% Discount		Example 3 20% Offering at 20% Discount	
	Prior to Sale Below NAV	Following Sale	% Change	Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>							
Price per Share to Public	—	\$ 10.00	—	\$ 9.47	—	\$ 8.42	—
Net Proceeds per Share to Issuer	—	\$ 9.50	—	\$ 9.00	—	\$ 8.00	—
<b>Decrease/Increase to NAV</b>							
Total Shares Outstanding	1,000,000	1,050,000	5.00%	1,100,000	10.00%	1,200,000	20.00%
NAV per Share	\$ 10.00	\$ 9.98	(0.24)%	\$ 9.91	(0.91)%	\$ 9.67	(3.33)%
<b>Dilution/Accretion to New Investor A</b>							
Shares Held by Investor A	—	500	—	1,000	—	2,000	—
Percentage Held by Investor A	—	0.05%	—	0.09%	—	0.17%	—
<b>Total Asset Values</b>							
Total NAV Held by Investor A	—	\$ 4,988	—	\$ 9,909	—	\$ 19,333	—
Total Investment by Investor A (At Price to Public)	—	\$ 5,000	—	\$ 9,474	—	\$ 16,842	—
Total Dilution / Accretion to Investor A (Total NAV Less Total Investment)	—	\$ (12)	—	\$ 435	—	\$ 2,491	—
<b>Per Share Amounts</b>							
NAV per Share Held by Investor A	—	\$ 9.98	—	\$ 9.91	—	\$ 9.67	—
Investment per Share Held by Investor A	—	\$ 10.00	—	\$ 9.47	—	\$ 8.42	—
Dilution / Accretion per Share Held by Investor A (NAV per Share Less Investment per Share)	—	\$ (0.02)	—	\$ 0.44	—	\$ 1.25	—
Percentage Dilution / Accretion to Investor A (Dilution per Share Divided by Investment per Share)	—	—	(0.24)%	—	4.60%	—	14.79%



## DIVIDEND REINVESTMENT PLAN

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

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

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

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

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

Participants may terminate their accounts under the plan by notifying the plan administrator via its website at <https://www.bnymellon.com/shareowner/isd>, by filling out the transaction request form located at the bottom of their statement and sending it to the plan administrator at BNY Mellon Shareowner Services, P.O. Box 358035, Pittsburgh, Pennsylvania 15252-8015, or by calling the plan administrator at (866) 228-7201.

We may terminate the plan upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at BNY Mellon Shareowner Services, P.O. Box 358035, Pittsburgh, Pennsylvania 15252-8015.

## DESCRIPTION OF OUR CAPITAL STOCK

*The following description is based on relevant portions of the Maryland General Corporation Law and on our charter and bylaws. This summary may not contain all of the information that is important to you, and we refer you to the Maryland General Corporation Law and our charter and bylaws for a more detailed description of the provisions summarized below.*

### Capital Stock

Our authorized capital stock consists of 150,000,000 shares of common stock, par value \$0.001 per share, of which 18,569,856 shares were outstanding as of March 31, 2011. Under our charter, our Board of Directors is authorized to classify and reclassify any unissued shares of stock into other classes or series of stock, and to cause the issuance of such shares, without obtaining stockholder approval. In addition, as permitted by the Maryland General Corporation Law, but subject to the 1940 Act, our charter provides that the Board of Directors, without any action by our stockholders, may amend the charter from time to time to increase or decrease the aggregate number of shares of stock or the number of shares of stock of any class or series that we have authority to issue. Under Maryland law, our stockholders generally are not personally liable for our debts or obligations.

#### Common Stock

All shares of our common stock have equal rights as to earnings, assets, distribution and voting privileges, except as described below, and, when they are issued, will be duly authorized, validly issued, fully paid and nonassessable. Distributions may be paid to the holders of our common stock if, as and when authorized by our Board of Directors and declared by us out of assets legally available therefor. Shares of our common stock have no conversion, exchange, preemptive or redemption rights. In the event of a liquidation, dissolution or winding up of our company, each share of our common stock would be entitled to share ratably in all of our assets that are legally available for distribution after we pay all debts and other liabilities and subject to any preferential rights of holders of our preferred stock, if any preferred stock is outstanding at such time. Each share of our common stock is entitled to one vote on all matters submitted to a vote of stockholders, including the election of directors. Except as provided with respect to any other class or series of stock, the holders of our common stock will possess exclusive voting power. There is no cumulative voting in the election of directors, which means that holders of a majority of the outstanding shares of common stock will elect all of our directors, and holders of less than a majority of such shares will be unable to elect any director.

### Long-Term Debt

Debentures issued by our SBIC subsidiaries and guaranteed by the SBA generally have a maturity of ten years, require semi-annual payments of interest, do not require any principal payments prior to maturity, and, historically, were subject to certain prepayment penalties. Those prepayment penalties no longer apply as of September 2006. As of March 31, 2011, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that may be issued by a single SBIC was \$150.0 million and \$225.0 million for a group of SBICs under common control. As of March 31, 2011, Triangle SBIC has issued \$140.5 million of SBA guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2011, Triangle SBIC II has issued \$75.0 million in face amount of SBA guaranteed debentures. The weighted average interest rate for all SBA guaranteed debentures as of March 31, 2011 was 4.80%.

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### Outstanding Securities

Set forth below are our outstanding classes of securities as of March 31, 2011.

Title of Class	Amount Authorized	Amount held by Company or for its Account	Amount Outstanding
Common Stock	150,000,000	—	18,569,856
SBA-Guaranteed Debentures	\$225,000,000(1)	—	\$214,607,224

- (1) For more information regarding our limitations as to SBA guaranteed debenture issuances, see “Regulation — Small Business Administration Regulation” below.

### Limitation on Liability of Directors and Officers; Indemnification and Advance of Expenses

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision that eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which he or she is finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest.

Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity. Our bylaws also require us, to the maximum extent permitted by Maryland law, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse reasonable expenses incurred by any such indemnified person in advance of the final disposition of a proceeding.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification,

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and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

We have purchased directors' and officers' insurance policies covering our directors and officers and us for any acts and omissions committed, attempted or allegedly committed by any director or officer during the policy period. The policy is subject to customary exclusions.

### **Provisions of The Maryland General Corporation Law and Charter And Bylaws**

The Maryland General Corporation Law and our charter and bylaws contain provisions that could make it more difficult for a potential acquiror to acquire us by means of a tender offer, proxy contest or otherwise. These provisions are expected to discourage certain coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of these provisions outweigh the potential disadvantages of discouraging any such acquisition proposals because, among other things, the negotiation of such proposals may improve their terms.

#### ***Director Terms; Election of Directors***

Our charter provides that the term of each director is one year unless and until the Board of Directors, acting by authority provided under Section 3-802 of the Maryland General Corporation Law, establishes staggered terms in the manner provided in Section 3-803 of the Maryland General Corporation Law. Our bylaws currently provide that directors are elected by a plurality of the votes cast in the election of directors. Pursuant to our charter and bylaws, our Board of Directors may amend the bylaws to alter the vote required to elect directors.

#### ***Number of Directors; Vacancies; Removal***

Our charter provides that the number of directors will be set only by the Board of Directors in accordance with our bylaws. Our bylaws provide that a majority of our entire Board of Directors may at any time increase or decrease the number of directors. However, unless the bylaws are amended, the number of directors may never be less than one nor more than 12. We have elected to be subject to the provision of Subtitle 8 of Title 3 of the Maryland General Corporation Law regarding the filling of vacancies on the board of directors. Accordingly, except as may be provided by the board of directors in setting the terms of any class or series of preferred stock, any and all vacancies on the board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy shall serve for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies, subject to any applicable requirements of the 1940 Act. Our charter provides that a director may be removed only for cause, as defined in the charter, and then only by the affirmative vote of at least two-thirds of the votes entitled to be cast generally in the election of directors.

#### ***Action by Stockholders***

Under the Maryland General Corporation Law, stockholder action may be taken only at an annual or special meeting of stockholders or by unanimous consent in lieu of a meeting (unless the charter provides for stockholder action by less than unanimous written consent, which our charter permits only as set forth in our bylaws or in the terms of any class or series of preferred stock). These provisions, combined with the requirements of our bylaws regarding the calling of a stockholder-requested special meeting of stockholders discussed below, may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

***Advance Notice Provisions for Stockholder Nominations and Stockholder Proposals***

Our bylaws provide that with respect to an annual meeting of stockholders, nominations of individuals for election to the Board of Directors and the proposal of other business to be considered by stockholders may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of the Board of Directors or (3) by a stockholder who is a stockholder of record both at the time of giving the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated or on any such other business and who has complied with the advance notice procedures of the bylaws. With respect to special meetings of stockholders, only the business specified in our notice of the meeting may be brought before the meeting. Nominations of individuals for election to the Board of Directors at a special meeting may be made only (1) by or at the direction of the Board of Directors or (2) provided that the meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record both at the time of giving the notice required by our bylaws and at the time of the meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice provisions of the bylaws.

The purpose of requiring stockholders to give us advance notice of nominations and other business is to afford our Board of Directors a meaningful opportunity to consider the qualifications of the proposed nominees and the advisability of any other proposed business and, to the extent deemed necessary or desirable by our Board of Directors, to inform stockholders and make recommendations about such qualifications or business, as well as to provide a more orderly procedure for conducting meetings of stockholders. Although our bylaws do not give our Board of Directors any power to disapprove stockholder nominations for the election of directors or proposals recommending certain action, they may have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals if proper procedures are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our stockholders.

***Calling of Special Meeting of Stockholders***

Our bylaws provide that special meetings of stockholders may be called by our Board of Directors and certain of our officers. Additionally, our bylaws provide that, subject to the satisfaction of certain procedural and informational requirements by the stockholders requesting the meeting, a special meeting of stockholders shall be called by our secretary to act upon any matter that may properly be considered at a meeting of stockholders upon the written request of stockholders entitled to cast not less than a majority of all of the votes entitled to be cast on such matter at such meeting.

***Approval of Extraordinary Corporate Action; Amendment of Charter and Bylaws***

Under Maryland law, a Maryland corporation generally cannot dissolve, amend its charter, merge, sell all or substantially all of its assets, engage in a share exchange or engage in similar transactions outside the ordinary course of business, unless approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. However, a Maryland corporation may provide in its charter for approval of these matters by a lesser percentage, but not less than a majority of all of the votes entitled to be cast on the matter. Our charter generally provides for approval of amendments to our charter and extraordinary transactions by the stockholders entitled to cast at least a majority of the votes entitled to be cast on the matter. Our charter also provides that certain amendments and any proposal for our conversion, whether by merger or otherwise, from a closed-end company to an open-end company or any proposal for our liquidation or dissolution requires the approval of the stockholders entitled to cast at least 75.0% of the votes entitled to be cast on such matter. However, if such amendment or proposal is approved by at least 75.0% of our continuing directors (in addition to approval by our Board of Directors), such amendment or proposal may be approved by the stockholders entitled to cast a majority of the votes entitled to be cast on such a matter. The “continuing

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directors” are defined in our charter as our current directors, as well as those directors whose nomination for election by the stockholders or whose election by the directors to fill vacancies is approved by a majority of the continuing directors then on the Board of Directors.

Our charter and bylaws provide that the Board of Directors will have the exclusive power to make, alter, amend or repeal any provision of our bylaws.

### ***No Appraisal Rights***

Except with respect to appraisal rights arising in connection with the Maryland Control Share Acquisition Act, or Control Share Act, discussed below, as permitted by the Maryland General Corporation Law, our charter provides that stockholders will not be entitled to exercise appraisal rights, unless the Board of Directors, upon the affirmative vote of a majority of the Board of Directors, shall determine that such rights apply, with respect to all or any class or series of stock, to one or more transactions occurring after the date of determination in connection with which holders of such shares would otherwise be entitled to exercise such rights.

### ***Control Share Acquisitions***

The Control Share Act provides that control shares of a Maryland corporation acquired in a control share acquisition have no voting rights except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

The requisite stockholder approval must be obtained each time an acquiror crosses one of the thresholds of voting power set forth above. Control shares do not include shares the acquiring person is then entitled to vote as a result of having previously obtained stockholder approval. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiring person does not deliver an acquiring person statement as required by the statute, then the corporation may repurchase for fair value any or all of the control shares, except those for which voting rights have previously been approved. The right of the corporation to repurchase control shares is subject to certain conditions and limitations. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or of any meeting of stockholders at which the voting rights of the shares are considered and not approved. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to vote a majority of the shares entitled to vote, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

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The Control Share Act does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation. Our bylaws contain a provision exempting from the Control Share Act any and all acquisitions by any person of our shares of stock. There can be no assurance that such provision will not be otherwise amended or eliminated at any time in the future. However, we will amend our bylaws to be subject to the Control Share Act only if our Board of Directors determines that it would be in our best interests and if the staff of the SEC does not object to our determination that our being subject to the Control Share Act does not conflict with the 1940 Act.

### ***Business Combinations***

Under the Maryland Business Combination Act, or the Business Combination Act, “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10.0% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period prior to the date in question, was the beneficial owner of 10.0% or more of the voting power of the then outstanding stock of the corporation.

A person is not an interested stockholder under this statute if the board of directors approved in advance the transaction by which such stockholder otherwise would have become an interested stockholder. However, in approving a transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the 5-year prohibition, any business combination between the Maryland corporation and an interested stockholder generally must be recommended by the board of directors of the corporation and approved by the affirmative vote of at least:

- 80.0% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under Maryland law, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Moreover, it does not apply to a corporation, such as us, registered under the 1940 Act as a closed-end investment company unless the board of directors adopts a resolution that the corporation will be subject to the Business Combination Act. Our Board of Directors has not adopted and does not presently intend to adopt such a resolution.

**Subtitle 8**

Subtitle 8 of Title 3 of the Maryland General Corporation Law permits a Maryland corporation with a class of equity securities registered under the Securities Exchange Act of 1934 and at least three independent directors to elect to be subject by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to any or all of five provisions:

- a classified board,
- a two-thirds vote requirement for removing a director,
- a requirement that the number of directors be fixed only by vote of the directors,
- a requirement that a vacancy on the board be filled only by the remaining directors and for the remainder of the full term of the class of directors and which the vacancy occurred and
- a majority requirement for the calling of a special meeting of stockholders.

Pursuant to Subtitle 8, we have elected to provide that vacancies on our Board of Directors may be filled only by the remaining directors and for the remainder of the full term of the directorship in which the vacancy occurred. Through provisions in our charter and bylaws unrelated to Subtitle 8, we already (a) require a two-thirds vote for the removal any director from the Board, (b) vest in the Board the exclusive power to fix the number of directorships and (c) require, unless called by our Board of Directors or certain of our officers, the request of stockholders entitled to cast a majority of the votes entitled to be cast on any matter that may properly be considered at a meeting of stockholders to call a special meeting.

**Conflict with 1940 Act**

Our bylaws provide that, if and to the extent that any provision of the Maryland General Corporation Law, or any provision of our charter or bylaws conflicts with any provision of the 1940 Act, the applicable provision of the 1940 Act will control.

**DESCRIPTION OF OUR PREFERRED STOCK**

Our charter authorizes our Board of Directors to classify and reclassify any unissued shares of stock into other classes or series of stock, including preferred stock. Prior to issuance of shares of each class or series, the Board of Directors is required by Maryland law and by our charter to set the terms, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications and terms or conditions of redemption for each class or series. Thus, our Board of Directors could authorize the issuance of shares of preferred stock with terms and conditions which could have the effect of delaying, deferring or preventing a transaction or a change in control that might involve a premium price for holders of our common stock or otherwise be in their best interest. You should note, however, that any issuance of preferred stock must comply with the requirements of the 1940 Act.

The 1940 Act generally requires that (1) immediately after issuance and before any distribution is made with respect to our common stock and before any purchase of common stock is made, such preferred stock together with all other senior securities must not exceed an amount equal to 50% of our total assets less liabilities not represented by indebtedness, and (2) the holders of shares of preferred stock, if any are issued, must be entitled as a class to elect two directors at all times and to elect a majority of the directors if distributions on such preferred stock are in arrears by two years or more. Certain matters under the 1940 Act require the separate vote of the holders of any issued and outstanding preferred stock. For example, holders of preferred stock would vote separately from the holders of common stock on a proposal to cease operations as a business development company. We believe that the availability for issuance of preferred stock will provide us with increased flexibility in structuring future financings and acquisitions.



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For any series of preferred stock that we may issue, our Board of Directors will determine and the prospectus supplement relating to such series will describe:

- the designation and number of shares of such series;
- the rate and time at which, and the preferences and conditions under which, any dividends will be paid on shares of such series, as well as whether such dividends are cumulative or non-cumulative and participating or non-participating;
- any provisions relating to convertibility or exchangeability of the shares of such series;
- the rights and preferences, if any, of holders of shares of such series upon our liquidation, dissolution or winding up of our affairs;
- the voting powers, if any, of the holders of shares of such series;
- any provisions relating to the redemption of the shares of such series;
- any limitations on our ability to pay dividends or make distributions on, or acquire or redeem, other securities while shares of such series are outstanding;
- any conditions or restrictions on our ability to issue additional shares of such series or other securities;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other relative power, preferences and participating, optional or special rights of shares of such series, and the qualifications, limitations or restrictions thereof.

All shares of preferred stock that we may issue will be identical and of equal rank except as to the particular terms thereof that may be fixed by our Board of Directors, and all shares of each series of preferred stock will be identical and of equal rank except as to the dates from which cumulative dividends, if any, thereon will be cumulative. If we issue shares of preferred stock, holders of such preferred stock will be entitled to receive cash dividends at an annual rate that will be fixed or will vary for the successive dividend periods for each series. In general, the dividend periods for fixed rate preferred stock can range from quarterly to weekly and are subject to extension. The dividend rate to be variable and determined for each dividend period.

### **DESCRIPTION OF OUR WARRANTS**

The following is a general description of the terms of the warrants we may issue from time to time. Particular terms of any warrants we offer will be described in the prospectus supplement relating to such warrants.

We may issue warrants to purchase shares of our common stock, preferred stock or debt securities. Such warrants may be issued independently or together with shares of common or preferred stock or a specified principal amount of debt securities and may be attached or separate from such securities. We will issue each series of warrants under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent and will not assume any obligation or relationship of agency for or with holders or beneficial owners of warrants.

A prospectus supplement will describe the particular terms of any series of warrants we may issue, including the following:

- the title of such warrants;
- the aggregate number of such warrants;

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- the price or prices at which such warrants will be issued;
- the currency or currencies, including composite currencies, in which the price of such warrants may be payable;
- if applicable, the designation and terms of the securities with which the warrants are issued and the number of warrants issued with each such security or each principal amount of such security;
- in the case of warrants to purchase debt securities, the principal amount of debt securities purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which this principal amount of debt securities may be purchased upon such exercise;
- in the case of warrants to purchase common stock or preferred stock, the number of shares of common stock or preferred stock, as the case may be, purchasable upon exercise of one warrant and the price at which and the currency or currencies, including composite currencies, in which these shares may be purchased upon such exercise;
- the date on which the right to exercise such warrants shall commence and the date on which such right will expire;
- whether such warrants will be issued in registered form or bearer form;
- if applicable, the minimum or maximum amount of such warrants which may be exercised at any one time;
- if applicable, the date on and after which such warrants and the related securities will be separately transferable;
- information with respect to book-entry procedures, if any;
- the terms of the securities issuable upon exercise of the warrants;
- if applicable, a discussion of certain U.S. federal income tax considerations; and
- any other terms of such warrants, including terms, procedures and limitations relating to the exchange and exercise of such warrants.

We and the warrant agent may amend or supplement the warrant agreement for a series of warrants without the consent of the holders of the warrants issued thereunder to effect changes that are not inconsistent with the provisions of the warrants and that do not materially and adversely affect the interests of the holders of the warrants.

Prior to exercising their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon such exercise, including, in the case of warrants to purchase debt securities, the right to receive principal, premium, if any, or interest payments, on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture or, in the case of warrants to purchase common stock or preferred stock, the right to receive dividends, if any, or payments upon our liquidation, dissolution or winding up or to exercise any voting rights.

Under the 1940 Act, we may generally only offer warrants provided that (1) the warrants expire by their terms within ten years; (2) the exercise or conversion price is not less than the current market value at the date of issuance; (3) our stockholders authorize the proposal to issue such warrants, and our Board of Directors approves such issuance on the basis that the issuance is in our best interests and our stockholders; and (4) if the warrants are accompanied by other securities, the warrants are not separately transferable unless no class of such warrants

and the securities accompanying them has been publicly distributed. The 1940 Act also provides that the amount of our voting securities that would result from the exercise of all outstanding warrants at the time of issuance may not exceed 25% of our outstanding voting securities.

### **DESCRIPTION OF OUR SUBSCRIPTION RIGHTS**

We may issue subscription rights to purchase common stock. Subscription rights may be issued independently or together with any other offered security and may or may not be transferable by the person purchasing or receiving the subscription rights. In connection with any subscription rights offering to our stockholders, we may enter into a standby underwriting or other arrangement with one or more underwriters or other persons pursuant to which such underwriters or other persons would purchase any offered securities remaining unsubscribed for after such subscription rights offering. We will not offer transferable subscription rights to our stockholders at a price equivalent to less than the then current net asset value per share of common stock, excluding underwriting commissions, unless we first file a post-effective amendment that is declared effective by the SEC with respect to such issuance and the common stock to be purchased in connection with the rights represents no more than one-third of our outstanding common stock at the time such rights are issued. In connection with a subscription rights offering to our stockholders, we would distribute certificates evidencing the subscription rights and a prospectus supplement to our stockholders on the record date that we set for receiving subscription rights in such subscription rights offering.

The applicable prospectus supplement would describe the following terms of subscription rights in respect of which this prospectus is being delivered:

- the title of such subscription rights;
- the exercise price or a formula for the determination of the exercise price for such subscription rights;
- the number or a formula for the determination of the number of such subscription rights issued to each stockholder;
- the extent to which such subscription rights are transferable;
- if applicable, a discussion of the material U.S. federal income tax considerations applicable to the issuance or exercise of such subscription rights;
- the date on which the right to exercise such subscription rights would commence, and the date on which such rights shall expire (subject to any extension);
- the extent to which such subscription rights include an over-subscription privilege with respect to unsubscribed securities;
- if applicable, the material terms of any standby underwriting or other purchase arrangement that we may enter into in connection with the subscription rights offering; and
- any other terms of such subscription rights, including terms, procedures and limitations relating to the exchange and exercise of such subscription rights.

### **Exercise of Subscription Rights**

Each subscription right would entitle the holder of the subscription right to purchase for cash such amount of shares of common stock or other securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the prospectus supplement relating to the subscription rights offered thereby or another report filed with the SEC. Subscription rights may be exercised at any time up to the close of business on

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the expiration date for such subscription rights set forth in the applicable prospectus supplement. After the close of business on the expiration date, all unexercised subscription rights would become void.

Subscription rights may be exercised as set forth in the prospectus supplement relating to the subscription rights offered thereby. Upon receipt of payment and the subscription rights certificate properly completed and duly executed at the corporate trust office of the subscription rights agent or any other office indicated in the prospectus supplement, we will forward, as soon as practicable, the shares of common stock or other securities purchasable upon such exercise. We may determine to offer any unsubscribed offered securities directly to stockholders, persons other than stockholders, to or through agents, underwriters or dealers or through a combination of such methods, including pursuant to standby underwriting or other arrangements, as set forth in the applicable prospectus supplement.

### **DESCRIPTION OF OUR DEBT SECURITIES**

We may issue additional debt securities in one or more series in the future that, if publically offered, will be under an indenture to be entered into between the Company and a trustee. The specific terms of each series of debt securities we publically offer will be described in the particular prospectus supplement relating to that series. For a complete description of the terms of a particular series of debt securities, you should read both this prospectus and the prospectus supplement relating to that particular series.

The prospectus supplement, which will accompany this prospectus, will describe the particular series of debt securities being offered by including:

- the designation or title of the series of debt securities;
- the total principal amount of the series of debt securities;
- the percentage of the principal amount at which the series of debt securities will be offered;
- the date or dates on which principal will be payable;
- the rate or rates (which may be either fixed or variable) and/or the method of determining such rate or rates of interest, if any;
- the date or dates from which any interest will accrue, or the method of determining such date or dates, and the date or dates on which any interest will be payable;
- the terms for redemption, extension or early repayment, if any;
- the currencies in which the series of debt securities are issued and payable;
- whether the amount of payments of principal, premium or interest, if any, on a series of debt securities will be determined with reference to an index, formula or other method (which could be based on one or more currencies, commodities, equity indices or other indices) and how these amounts will be determined;
- the place or places of payment, transfer, conversion and/or exchange of the debt securities;
- the denominations in which the offered debt securities will be issued;
- the provision for any sinking fund;
- any restrictive covenants;

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- any events of default;
- whether the series of debt securities are issuable in certificated form;
- any provisions for defeasance or covenant defeasance;
- any special federal income tax implications, including, if applicable, federal income tax considerations relating to original issue discount;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any provisions for convertibility or exchangeability of the debt securities into or for any other securities;
- whether the debt securities are subject to subordination and the terms of such subordination; and
- any other material terms.

The debt securities may be secured or unsecured obligations. Under the provisions of the 1940 Act, we are permitted, as a business development company, to issue debt only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after each issuance of debt. Unless the prospectus supplement states otherwise, principal (and premium, if any) and interest, if any, will be paid by us in immediately available funds.

### **DESCRIPTION OF OUR UNITS**

As will be specified in the applicable prospectus supplement, we may issue units comprised of one or more of the other securities described in this prospectus in any combination. Each unit may also include debt obligations of third parties, such as U.S. Treasury securities. Each unit will be issued so that the holder of the unit is also the holder of each security included in the unit. Thus, the holder of a unit will have the rights and obligations of a holder of each included security. The prospectus supplement will describe:

- the designation and terms of the units and of the securities comprising the units, including whether and under what circumstances the securities comprising the units may be held or transferred separately;
- a description of the terms of any unit agreement governing the units;
- a description of the provisions for the payment, settlement, transfer or exchange of the units; and
- whether the units will be issued in fully registered or global form.

We have no intention to issue third party securities as units in the foreseeable future. We will ensure that any issuance of third party securities other than U.S. Treasuries complies with SEC interpretive guidance.

The descriptions of the units and any applicable underlying security or pledge or depositary arrangements in this prospectus and in any prospectus supplement are summaries of the material provisions of the applicable agreements and are subject to, and qualified in their entirety by reference to, the terms and provisions of the applicable agreements, forms of which have been or will be filed as exhibits to the registration statement of which this prospectus forms a part.

## **MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

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

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

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person.

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

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

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

### **Taxation in Connection with Holding Securities other than our Common Stock**

We intend to describe in any prospectus supplement related to the offering of preferred stock, units, debt securities, warrants or rights offerings to purchase our common stock or preferred stock, the U.S. federal income tax considerations applicable to such securities as will be sold by us pursuant to that prospectus supplement,

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including the taxation of any debt securities that will be sold at an original issue discount or acquired with market discount or amortizable bond premium and the tax treatment of sales, exchanges or retirements of our debt securities.

### **Election to be Taxed as a RIC**

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

### **Taxation as a RIC**

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

We will be subject to a 4% nondeductible U.S. federal excise tax on certain undistributed income of RICs unless we distribute in a timely manner an amount at least equal to the sum of (1) 98.0% of our ordinary income for each calendar year, (2) 98.2% of our capital gain net income for each calendar year and (3) any income recognized, but not distributed, in preceding years and on which we paid no U.S. federal income tax. We generally will endeavor in each taxable year to avoid any U.S. federal excise tax on our earnings.

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

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

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determined under applicable tax rules, by us and that are engaged in the same or similar or related trades or businesses or (iii) of one or more “qualified publicly traded partnerships,” or the Diversification Tests.

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

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

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

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

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

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

Any investment in non-U.S. securities may be subject to non-U.S. income, withholding and other taxes. In that case, our yield on those securities would be decreased. Stockholders will generally not be entitled to claim a credit or deduction with respect to non-U.S. taxes paid by us.



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

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

Although we do not presently expect to do so, we are authorized to borrow funds and to sell assets in order to satisfy distribution requirements. However, under the 1940 Act, we are not permitted to make distributions to our stockholders while our debt obligations and other senior securities are outstanding unless certain “asset coverage” tests are met See “Regulation — Senior Securities.” Moreover, our ability to dispose of assets to meet our distribution requirements may be limited by (1) the illiquid nature of our portfolio and/or (2) other requirements relating to our status as a RIC, including the Diversification Tests. If we dispose of assets in order to meet the Annual Distribution Requirement or to avoid the excise tax, we may make such dispositions at times that, from an investment standpoint, are not advantageous.

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

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

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

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

### **Taxation of U.S. Stockholders**

Whether an investment in shares of our common stock is appropriate for a U.S. stockholder will depend upon that person’s particular circumstances. An investment in shares of our common stock by a U.S. stockholder may have adverse tax consequences. The following summary generally describes certain U.S. federal income tax consequences of an investment in shares of our common stock by taxable U.S. stockholders and not by U.S. stockholders that are generally exempt from U.S. federal income taxation. U.S. stockholders should consult their own tax advisors before making an investment in our common stock.

Distributions by us generally are taxable to U.S. stockholders as ordinary income or capital gain. Distributions of our “investment company taxable income” (which is, generally, our ordinary income excluding net capital gain) will be taxable as ordinary income to U.S. stockholders to the extent of our current or accumulated earnings and profits, whether paid in cash or reinvested in additional common stock. To the extent such distributions paid by us to noncorporate U.S. stockholders (including individuals) are attributable to dividends from U.S. corporations and certain qualified foreign corporations, such distributions generally will be eligible for taxation at rates applicable to “qualifying dividends” (at a maximum tax rate of 15% through 2012) provided that we properly report such distribution as “qualified dividend income” in a written statement furnished to our stockholders and certain holding period and other requirements are satisfied. In this regard, it is not anticipated that a significant portion of distributions paid by us will be attributable to qualifying dividends; therefore, our distributions generally will not qualify for the preferential rates applicable to qualified dividend income. Distributions of our net capital gain (which is generally our net long-term capital gain in excess of net short-term capital loss) properly designated by us as “capital gain dividends” will be taxable to a U.S. stockholder as long-term capital gain (at a maximum rate of 15% through 2012 in the case of individuals, trusts or estates), regardless of the U.S. stockholder’s holding period for his, her or its common stock and regardless of whether paid in cash or reinvested in additional common stock. Distributions in excess of our current and accumulated earnings and profits first will reduce a U.S. stockholder’s adjusted tax basis in such stockholder’s common stock and, after the adjusted basis is reduced to zero, will constitute capital gain to such U.S. stockholder.

Although we currently intend to distribute any long-term capital gain at least annually, we may in the future decide to retain some or all of our long-term capital gain, but designate the retained amount as a “deemed distribution.” In that case, among other consequences, we will pay tax on the retained amount, each U.S. stockholder will be required to include his, her or its proportionate share of the deemed distribution in income as if it had been actually distributed to the U.S. stockholder, and the U.S. stockholder will be entitled to claim a credit equal to his, her or its allocable share of the tax paid thereon by us. The amount of the deemed distribution net of such tax will be added to the U.S. stockholder’s tax basis for his, her or its common stock.

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Since we expect to pay tax on any retained capital gain at our regular corporate tax rate, and since that rate is in excess of the maximum rate currently payable by individuals on net capital gain, the amount of tax that individual stockholders will be treated as having paid and for which they will receive a credit will exceed the tax they owe on the retained net capital gain. Such excess generally may be claimed as a credit against the U.S. stockholder's other U.S. federal income tax obligations or may be refunded to the extent it exceeds a stockholder's liability for U.S. federal income tax. A stockholder that is not subject to U.S. federal income tax or otherwise required to file a U.S. federal income tax return would be required to file a U.S. federal income tax return on the appropriate form in order to claim a refund for the taxes we paid. In order to utilize the deemed distribution approach, we must provide written notice to our stockholders prior to the expiration of 60 days after the close of the relevant taxable year. We cannot treat any of our investment company taxable income as a "deemed distribution."

We could be subject to the alternative minimum tax, or the AMT, but any items that are treated differently for AMT purposes must be apportioned between us and our stockholders and this may affect U.S. stockholders' AMT liabilities. Although regulations explaining the precise method of apportionment have not yet been issued, such items will generally be apportioned in the same proportion that distributions paid to each stockholder bear to our taxable income (determined without regard to the dividends paid deduction), unless a different method for a particular item is warranted under the circumstances.

For purposes of determining (1) whether the Annual Distribution Requirement is satisfied for any year and (2) the amount of capital gain dividends paid for that year, we may, under certain circumstances, elect to treat a dividend that is paid during the following taxable year as if it had been paid during the taxable year in question. If we make such an election, the U.S. stockholder will still be treated as receiving the dividend in the taxable year in which the distribution is made. However, any dividend declared by us in October, November or December of any calendar year, payable to stockholders of record on a specified date in any such month and actually paid during January of the following year, will be treated as if it had been received by our U.S. stockholders on December 31 of the year in which the dividend was declared.

Certain distributions made by a publicly-traded RIC consisting of both cash and its stock will be treated as dividend distributions for purposes of satisfying the annual distribution requirements applicable to RICs. If we satisfy certain requirements, including the requirement that at least 10% of the total value of any such distribution consists of cash, the cash and our stock that we distribute will be treated as a dividend, to the extent of our earnings and profits. If we make such a distribution to our stockholders, each of our stockholders will be required to treat the total value of the distribution that each stockholder receives as a dividend, to the extent of each stockholder's pro-rata share of our earnings and profits, regardless of whether such stockholder receives cash, our stock or a combination of cash and our stock.

We advise each of our stockholders that the taxes resulting from your receipt of a distribution consisting of cash and our stock may exceed the cash that you receive in the distribution. We urge each of our stockholders to consult your tax advisor regarding the specific federal, state, local and foreign income and other tax consequences of distributions consisting of both cash and our stock.

If an investor purchases shares of our common stock shortly before the record date of a distribution, the price of the shares will include the value of the distribution, and the investor will be subject to tax on the distribution even though it represents a return of his, her or its investment.

A U.S. stockholder generally will recognize taxable gain or loss if the stockholder sells or otherwise disposes of his, her or its shares of our common stock. The amount of gain or loss will be measured by the difference between such stockholder's adjusted tax basis in the common stock sold and the amount of the proceeds received in exchange. Any gain arising from such sale or disposition generally will be treated as long-term capital gain or loss if the stockholder has held his, her or its shares for more than one year. Otherwise, it will be classified as short-term capital gain or loss. However, any capital loss arising from the sale or disposition of shares of our common stock held for six months or less will be treated as long-term capital loss to the extent of the amount of capital gain dividends received, or undistributed capital gain deemed received, with respect to such

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shares. In addition, all or a portion of any loss recognized upon a disposition of shares of our common stock may be disallowed if other substantially identical shares are purchased (whether through reinvestment of distributions or otherwise) within 30 days before or after the disposition. The ability to otherwise deduct capital loss may be subject to other limitations under the Code.

In general, noncorporate U.S. stockholders, including individuals, trusts and estates, are subject to a maximum U.S. federal income tax rate of 15% (through 2010) on their net capital gain, or the excess of realized net long-term capital gain over realized net short-term capital loss for a taxable year, including a long-term capital gain derived from an investment in our shares. Such rate is lower than the maximum rate on ordinary income currently payable by individuals. Corporate U.S. stockholders currently are subject to U.S. federal income tax on net capital gain at the maximum 35% rate also applied to ordinary income. Noncorporate stockholders with net capital loss for a year (which we define as capital loss in excess of capital gain) generally may deduct up to \$3,000 of such losses against their ordinary income each year; any net capital loss of a noncorporate stockholder in excess of \$3,000 generally may be carried forward and used in subsequent years as provided in the Code. Corporate stockholders generally may not deduct any net capital loss for a year, but may carry back such losses for three years or carry forward such losses for five years.

For taxable years beginning after December 31, 2012, certain U.S. stockholders who are individuals, estates or trusts generally will be subject to a 3.8% Medicare tax on, among other things, dividends on and capital gain from the sale or other disposition of our common stock.

A "publicly offered regulated investment company" is a regulated investment company whose shares are either (i) continuously offered pursuant to a public offering, (ii) regularly traded on an established securities market or (iii) held by at least 500 persons at all times during the taxable year. If we are not a publicly offered regulated investment company for any period, a non-corporate shareholder's pro rata portion of our affected expenses, including our management fees, will be treated as an additional dividend to the shareholder and will be deductible by such shareholder only to the extent permitted under the limitations described below. For non-corporate shareholders, including individuals, trusts, and estates, significant limitations generally apply to the deductibility of certain expenses of a nonpublicly offered regulated investment company, including advisory fees. In particular, these expenses, referred to as miscellaneous itemized deductions, are deductible only to individuals to the extent they exceed 2% of such a shareholder's adjusted gross income, and are not deductible for AMT purposes. Because we anticipate that shares of our common stock will continue to be regularly traded on an established securities market, we believe that we will continue to qualify as a "publicly offered regulated investment company."

We will send to each of our U.S. stockholders, as promptly as possible after the end of each calendar year, a written statement detailing, on a per share and per distribution basis, the amounts includible in such U.S. stockholder's taxable income for such year as ordinary income and as long-term capital gain. In addition, the U.S. federal tax status of each year's distributions generally will be reported to the IRS (including the amount of dividends, if any, eligible for the 15% maximum rate). Distributions paid by us generally will not be eligible for the dividends-received deduction or the preferential tax rate applicable to qualifying dividends. Distributions may also be subject to additional state, local and foreign taxes depending on a U.S. stockholder's particular situation.

We may be required to withhold U.S. federal income tax, or backup withholding, at a rate of 28% (currently through 2012), from all taxable distributions to any noncorporate U.S. stockholder (1) who fails to furnish us with a correct taxpayer identification number or a certificate that such stockholder is exempt from backup withholding or (2) with respect to whom the IRS notifies us that such stockholder has failed to properly report certain interest and dividend income to the IRS and to respond to notices to that effect. An individual's taxpayer identification number is his or her social security number. Backup withholding tax is not an additional tax, and any amount withheld may be refunded or credited against the U.S. stockholder's U.S. federal income tax liability, provided that proper information is timely provided to the IRS.

For taxable years beginning after December 31, 2012, a U.S. withholding tax at a 30% rate will be imposed on dividends and proceeds of sale in respect of our common stock received by U.S. stockholders who own their

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stock through foreign accounts or foreign intermediaries if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. We will not pay any additional amounts in respect of any amounts withheld.

Under U.S. Treasury regulations, if a stockholder recognizes a loss with respect to shares of our stock of \$2 million or more for a noncorporate stockholder or \$10 million or more for a corporate stockholder in any single taxable year (or a greater loss over a combination of years), the stockholder must file with the IRS a disclosure statement on IRS Form 8886 (or successor form). Direct stockholders of portfolio securities in many cases are excepted from this reporting requirement, but under current guidance, stockholders of a RIC are not excepted. Future guidance may extend the current exception from this reporting requirement to stockholders of most or all RICs. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Significant monetary penalties apply to a failure to comply with this reporting requirement. States may also have a similar reporting requirement. Stockholders should consult their own tax advisors to determine the applicability of these regulations in light of their individual circumstances.

### **Taxation of Non-U.S. Stockholders**

Whether an investment in the shares is appropriate for a Non-U.S. stockholder will depend upon that person's particular circumstances. An investment in the shares by a Non-U.S. stockholder may have adverse tax consequences. Non-U.S. stockholders should consult their tax advisers before investing in our common stock.

Distributions of our "investment company taxable income" to Non-U.S. stockholders that are not "effectively connected" with a U.S. trade or business carried on by the Non-U.S. stockholder, will generally be subject to withholding of U.S. federal income tax at a rate of 30% (or lower rate provided by an applicable treaty) to the extent of our current and accumulated earnings and profits, unless an applicable exception applies. For taxable years beginning before 2012, however, we generally will not be required to withhold any amounts with respect to distributions of (i) U.S.-source interest income that would not have been subject to withholding of U.S. federal income tax if they had been earned directly by a Non-U.S. stockholder, and (ii) net short-term capital gains in excess of net long-term capital losses that would not have been subject to withholding of U.S. federal income tax if they had been earned directly by a Non-U.S. stockholder, in each case only to the extent that such distributions are properly reported by us as "interest-related dividends" or "short-term capital gain dividends," as the case may be, and certain other requirements are met.

Actual or deemed distributions of our net capital gain to a Non-U.S. stockholder, and gain realized by a Non-U.S. stockholder upon the sale of our common stock, that are not effectively connected with a U.S. trade or business carried on by the Non-U.S. stockholder, will generally not be subject to U.S. federal withholding tax and generally will not be subject to U.S. federal income tax unless the Non-U.S. stockholder is a nonresident alien individual and is physically present in the United States for more than 182 days during the taxable year and meets certain other requirements. However, withholding of U.S. federal income tax at a rate of 30% on capital gain of nonresident alien individuals who are physically present in the United States for more than the 182 day period only applies in exceptional cases because any individual present in the United States for more than 182 days during the taxable year is generally treated as a resident for U.S. income tax purposes; in that case, he or she would be subject to U.S. income tax on his or her worldwide income at the graduated rates applicable to U.S. citizens, rather than the 30% U.S. federal withholding tax.

If we distribute our net capital gain in the form of deemed rather than actual distributions (which we may do in the future), a Non-U.S. stockholder will be entitled to a U.S. federal income tax credit or tax refund equal to the stockholder's allocable share of the tax we pay on the capital gain deemed to have been distributed. In order to obtain the refund, the Non-U.S. stockholder must obtain a U.S. taxpayer identification number and file a U.S. federal income tax return even if the Non-U.S. stockholder would not otherwise be required to obtain a U.S. taxpayer identification number or file a U.S. federal income tax return. Accordingly, investment in the shares may not be appropriate for a Non-U.S. stockholder.

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Distributions of our “investment company taxable income” and net capital gain (including deemed distributions) to Non-U.S. stockholders, and gain realized by Non-U.S. stockholders upon the sale of our common stock that is “effectively connected” with a U.S. trade or business carried on by the Non-U.S. stockholder (or if an income tax treaty applies, attributable to a “permanent establishment” in the United States), will be subject to U.S. federal income tax at the graduated rates applicable to U.S. citizens, residents and domestic corporations. Corporate Non-U.S. stockholders may also be subject to an additional branch profits tax at a rate of 30% imposed by the Code (or lower rate provided by an applicable treaty). In the case of a non-corporate Non-U.S. stockholder, we may be required to withhold U.S. federal income tax from distributions that are otherwise exempt from withholding tax (or taxable at a reduced rate) unless the Non-U.S. stockholder certifies his or her foreign status under penalties of perjury or otherwise establishes an exemption.

We have the ability to declare a large portion of a distribution in shares of our common stock to satisfy the Annual Distribution Requirement. If a portion of such distribution is paid in cash (which portion may be as low as 10% for our taxable years through 2011) and certain requirements are met, the entire distribution to the extent of our current and accumulated earnings and profits will be treated as a dividend for U.S. federal income tax purposes. As a result, non-U.S. stockholders will be taxed on the distribution as if the entire distribution was cash distribution, even though most of the distribution was paid in shares of our common stock.

The tax consequences to a Non-U.S. stockholder entitled to claim the benefits of an applicable tax treaty may differ from those described herein. Non-U.S. stockholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in our shares.

A Non-U.S. stockholder who is a nonresident alien individual may be subject to information reporting and backup withholding of U.S. federal income tax on dividends unless the Non-U.S. stockholder provides us or the dividend paying agent with an IRS Form W-8BEN (or an acceptable substitute form) or otherwise meets documentary evidence requirements for establishing that it is a Non-U.S. stockholder or otherwise establishes an exemption from backup withholding.

For taxable years beginning after December 31, 2012, a U.S. withholding tax at a 30% rate will be imposed on dividends and proceeds of sale in respect of our common stock received by certain non-U.S. stockholders if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. If payment of withholding taxes is required, non-U.S. stockholders that are otherwise eligible for an exemption from, or reduction of, U.S. withholding taxes with respect of such dividends and proceeds will be required to seek a refund from the IRS to obtain the benefit of such exemption or reduction. We will not pay any additional amounts in respect of any amounts withheld.

Non-U.S. persons should consult their own tax advisors with respect to the U.S. federal income tax and withholding tax, and state, local and foreign tax consequences of an investment in the shares.

### **Failure To Obtain RIC Tax Treatment**

If we were unable to obtain tax treatment as a RIC, we would be subject to tax on all of our taxable income at regular corporate rates. We would not be able to deduct distributions to stockholders, nor would they be required to be made. Distributions would generally be taxable to our stockholders as dividend income to the extent of our current and accumulated earnings and profits (in the case of noncorporate U.S. stockholders, at a maximum rate applicable to qualified dividend income of 15% through 2012). Subject to certain limitations under the Code, corporate distributees would be eligible for the dividends-received deduction. Distributions in excess of our current and accumulated earnings and profits would be treated first as a return of capital to the extent of the stockholder's tax basis, and any remaining distributions would be treated as a capital gain.

If we fail to meet the RIC requirements for more than two consecutive years and then, seek to re-qualify as a RIC, we would be subject to corporate-level taxation on any built-in gain recognized during the succeeding 10-year period unless we made a special election to recognize all such built-in gain upon our re-qualification as a RIC and to pay the corporate-level tax on such built-in gain.

## **Sunset of Reduced Tax Rate Provisions**

Certain tax laws providing for certain reduced tax rates described herein are subject to sunset provisions. The sunset provisions generally provide that for taxable years beginning after December 31, 2012, certain provisions that are currently in the Code will revert back to a prior version of those provisions. Such provisions include those related to the reduced maximum income tax rates generally applicable to ordinary income, long-term capital gain and qualified dividend income recognized by certain noncorporate taxpayers and certain other tax rate provisions described herein. The impact of this reversion is not discussed herein. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of these sunset provisions on an investment in our common stock.

## **Possible Legislative or Other Actions Affecting Tax Considerations**

Prospective investors should recognize that the present U.S. federal income tax treatment of an investment in our stock may be modified by legislative, judicial or administrative action at any time, and that any such action may affect investments and commitments previously made. The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process any by the IRS and the U.S. Treasury Department, resulting in revisions of regulations and revised interpretations of established concepts as well as statutory changes. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the tax consequences of an investment in our stock.

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

## **REGULATION**

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

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

## **Qualifying Assets**

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

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

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

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

(c) satisfies any of the following:

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

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

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

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

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

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

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

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

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

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

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

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

### **Managerial Assistance to Portfolio Companies**

In order to count portfolio securities as qualifying assets for the purpose of the 70.0% test, we must either control the issuer of the securities or must offer to make available to the issuer of the securities (other than small and solvent companies described above) significant managerial assistance; except that, where we purchase such securities in conjunction with one or more other persons acting together, one of the other persons in the group may make available such managerial assistance. Making available "significant managerial assistance" means,



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among other things, any arrangement whereby we, through our directors, officers or employees, offer to provide, and, if accepted, do so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

### **Temporary Investments**

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

### **Senior Securities**

We are permitted, under specified conditions, to issue multiple classes of debt and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200.0% immediately after each such issuance. In addition, while any senior securities remain outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5.0% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see “Risk Factors — Risks Relating to Our Business and Structure — Because we intend to distribute substantially all of our income to our stockholders to maintain our status as a regulated investment company, we will continue to need additional capital to finance our growth and regulations governing our operation as a business development company will affect our ability to, and the way in which we, raise additional capital.”

### **Code of Business Conduct and Ethics and Corporate Governance Guidelines**

We have adopted a code of ethics, which we call our “Code of Business Conduct and Ethics” and corporate governance guidelines, which collectively covers ethics and business conduct. These documents apply to our directors, officers and employees. Our Code of Business Conduct and Ethics and corporate governance guidelines are available on the Investor Relations section of our website at the following URL: <http://ir.tcap.com/governance.cfm>. We will report any material amendments to or waivers of a required provision of our Code of Business Conduct and Ethics and corporate governance guidelines on our website or in a Current Report on Form 8-K.

### **Proxy Voting Policies and Procedures**

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

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

Stockholders may, without charge, obtain information regarding how we voted proxies with respect to our portfolio securities by making a written request for proxy voting information to: Chief Compliance Officer, 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

### **Other**

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

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

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

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

### **Small Business Administration Regulations**

Triangle SBIC and Triangle SBIC II, our wholly-owned subsidiaries, are each licensed by the SBA to operate as a Small Business Investment Company under Section 301(c) of the Small Business Investment Act of 1958. Triangle SBIC's license to operate as an SBIC became effective on September 11, 2003 and Triangle SBIC II's license to operate as an SBIC became effective on May 26, 2010.

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

Under current SBA regulations, eligible small businesses generally include businesses that (together with their affiliates) have a tangible net worth not exceeding \$18.0 million and have average annual net income after federal income taxes not exceeding \$6.0 million (average net income to be computed without benefit of any carryover loss) for the two most recent fiscal years. In addition, an SBIC must devote between 20.0% and 25.0% of its investment activity to "smaller" concerns as defined by the SBA. The exact percentage depends upon, among other factors, the date that the SBIC was licensed, when it obtained leverage commitments, the amount of leverage drawn and when financings occur. A smaller concern generally includes businesses that have a tangible net worth not exceeding \$6.0 million and have average annual net income after U.S. federal income taxes not exceeding \$2.0 million (average net income to be computed without benefit of any net carryover loss) for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility for designation as an eligible small business or smaller concern, which criteria depend on the industry in which

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the business is primarily engaged and are based on either the number of employees or annual receipts. However, once an SBIC has invested in a company, it may continue to make follow on investments in the company, regardless of the size of the portfolio company at the time of the follow on investment, up to the time of the portfolio company's initial public offering.

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

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

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

An SBIC (or group of SBICs under common control) may generally have outstanding debentures guaranteed by the SBA in amounts up to two times (and in certain cases, up to three times) the amount of the regulatory capital of the SBIC(s). Debentures guaranteed by the SBA have a maturity of ten years, require semi-annual payments of interest, do not require any principal payments prior to maturity, and, historically, were subject to certain prepayment penalties. Those prepayment penalties no longer apply as of September 2006. As of March 31, 2011, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that may be issued by a single SBIC was \$150.0 million and \$225.0 million for a group of SBICs under common control. As of March 31, 2011, Triangle SBIC has issued \$140.5 million of SBA guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2011, Triangle SBIC II has issued \$75.0 million in face amount of SBA guaranteed debentures. If an SBIC invests in smaller concerns located in low-income geographic areas, these limits can be increased. The weighted average interest rate for all SBA guaranteed debentures as of March 31, 2011 was 4.80%. The weighted average interest rate as of March 31, 2011 included \$205.0 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 4.97% and \$9.6 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.29%.

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

SBICs are periodically examined and audited by the SBA's staff to determine their compliance with SBIC regulations and are periodically required to file certain forms with the SBA. Triangle SBIC was audited by the SBA during 2010, and no regulatory violations were disclosed as a result of the audit.

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

### **Securities Exchange Act of 1934 and Sarbanes-Oxley Act Compliance**

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

- pursuant to Rule 13a-14 of the Exchange Act, our Chief Executive Officer and Chief Financial Officer are required to certify the accuracy of the financial statements contained in our periodic reports;
- pursuant to Item 307 of Regulation S-K, our periodic reports are required to disclose our conclusions about the effectiveness of our disclosure controls and procedures;
- pursuant to Rule 13a-15 of the Exchange Act, our management is required to prepare a report regarding its assessment of our internal control over financial reporting, and such report must be audited separately, by our independent registered public accounting firm; and
- pursuant to Item 308 of Regulation S-K and Rule 13a-15 of the Exchange Act, our periodic reports must disclose whether there were significant changes in our internal control over financial reporting or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions without regard to significant deficiencies and material weaknesses.

The Sarbanes-Oxley Act requires us to review our current policies and procedures to determine whether we comply with the Sarbanes-Oxley Act and the regulations promulgated thereunder. We monitor our compliance with all regulations that are adopted under the Sarbanes-Oxley Act and will take all actions necessary to ensure that we are in compliance therewith.

### **The New York Stock Exchange Corporate Governance Regulations**

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

### **PLAN OF DISTRIBUTION**

We may sell our securities through underwriters or dealers, directly to one or more purchasers or through agents or through a combination of any such methods of sale. Any underwriter or agent involved in the offer and sale of our securities will also be named in the applicable prospectus supplement.

The distribution of our securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, or at negotiated prices, provided, however, that the offering price per share of our securities less any underwriting commissions or discounts must equal or exceed the net asset value per share of our securities except that we may sell shares of our securities at a price below net asset value per share if a majority of the number of beneficial holders of our stock have approved such a sale or if the following conditions are met: (i) holders of a majority of our stock and a majority of our stock not held by affiliated persons have approved issuance at less than net asset value per share during the one year period prior to such sale; (ii) a majority of our directors who have no financial interest in the sale and a majority of such directors who are not

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interested persons of us have determined that such sale would be in our best interest and in the best interests of our stockholders; and (iii) a majority of our directors who have no financial interest in the sale and a majority of such directors who are not interested persons of us, in consultation with the underwriter or underwriters of the offering if it is to be underwritten, have determined in good faith, and as of a time immediately prior to the first solicitation by or on behalf of us of firm commitments to purchase such securities or immediately prior to the issuance of such securities, that the price at which such securities are to be sold is not less than a price which closely approximates the market value of those securities, less any distributing commission or discount.

On June 13, 2011, our common stockholders voted to allow us to issue common stock at a price below net asset value per share for a period of one year ending on the earlier of June 12, 2012 or the date of our 2012 annual meeting of stockholders. Our stockholders did not specify a maximum discount below net asset value at which we are able to issue our common stock; however, we do not intend to issue shares of our common stock below net asset value unless our Board of Directors determines that it would be in our stockholders' best interests to do so.

In connection with the sale of our securities, underwriters or agents may receive compensation from us or from purchasers of our securities, for whom they may act as agents, in the form of discounts, concessions or commissions. Underwriters may sell our securities to or through dealers and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. Underwriters, dealers and agents that participate in the distribution of our securities may be deemed to be underwriters under the Securities Act, and any discounts and commissions they receive from us and any profit realized by them on the resale of our securities may be deemed to be underwriting discounts and commissions under the Securities Act. Any such underwriter or agent will be identified and any such compensation received from us will be described in the applicable prospectus supplement.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third parties in such sale transactions will be underwriters and, if not identified in this prospectus, will be identified in the applicable prospectus supplement (or a post-effective amendment).

Any of our common stock sold pursuant to a prospectus supplement will be listed on the NYSE, or another exchange on which our common stock is traded.

Under agreements into which we may enter, underwriters, dealers and agents who participate in the distribution of our securities may be entitled to indemnification by us against certain liabilities, including liabilities under the Securities Act. Underwriters, dealers and agents may engage in transactions with, or perform services for, us in the ordinary course of business.

If so indicated in the applicable prospectus supplement, we will authorize underwriters or other persons acting as our agents to solicit offers by certain institutions to purchase our securities from us pursuant to contracts providing for payment and delivery on a future date. Institutions with which such contracts may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others, but in all cases such institutions must be approved by us. The obligations of any purchaser under any such contract will be subject to the condition that the purchase of our securities shall not at the time of delivery be prohibited under the laws of the jurisdiction to which such purchaser is subject. The underwriters and such other agents will not have any responsibility in respect of the validity or performance of such contracts. Such contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of such contracts.

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In order to comply with the securities laws of certain states, if applicable, our securities offered hereby will be sold in such jurisdictions only through registered or licensed brokers or dealers. In addition, in certain states, our securities may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The maximum commission or discount to be received by any member of the Financial Industry Regulatory Authority, Inc. will not be greater than 10.0% for the sale of any securities being registered, including 0.5% for due diligence.

### **CUSTODIAN, TRANSFER AND DIVIDEND PAYING AGENT AND REGISTRAR**

Our securities are held under custody agreements by U.S. Bank National Association and Branch Banking and Trust Company. The addresses of the custodians are: U.S. Bank National Association, Attn: Institutional Trust & Custody, 214 North Tryon Street; 27th floor, Charlotte, NC 28202 and Branch Banking and Trust Company, Attn: Mortgage Custody Department of Corporate Trust Services, 5130 Parkway Plaza Boulevard, Charlotte, NC 28217. The Bank of New York Mellon acts as our transfer agent, dividend paying agent and registrar. The principal business address of our transfer agent is BNY Mellon, Shareowner Services, PO Box 358035, Pittsburgh, PA, 15252-8035, telephone number: (866) 228-7201.

### **BROKERAGE ALLOCATION AND OTHER PRACTICES**

Since we generally acquire and dispose of our investments in privately negotiated transactions, we infrequently use brokers in the normal course of our business. Our management team is primarily responsible for the execution of any publicly traded securities portion of our portfolio transactions and the allocation of brokerage commissions. We do not expect to execute transactions through any particular broker or dealer, but will seek to obtain the best net results for us, taking into account such factors as price (including the applicable brokerage commission or dealer spread), size of order, difficulty of execution, and operational facilities of the firm and the firm's risk and skill in positioning blocks of securities. While we will generally seek reasonably competitive trade execution costs, we will not necessarily pay the lowest spread or commission available. Subject to applicable legal requirements, we may select a broker based partly upon brokerage or research services provided to us. In return for such services, we may pay a higher commission than other brokers would charge if we determine in good faith that such commission is reasonable in relation to the services provided. We did not pay any brokerage commissions during the years ended December 31, 2010, 2009 or 2008 in connection with the acquisition and/or disposal of our investments.

#### **LEGAL MATTERS**

Certain legal matters will be passed upon for us by Bass, Berry & Sims PLC, Memphis, Tennessee. Venable LLP, Baltimore, Maryland, will pass upon the legality of the securities offered by us and certain other matters of Maryland law. Certain legal matters will be passed upon for underwriters, if any, by the counsel named in the prospectus supplement, if any.

#### **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP, an independent registered public accounting firm whose address is 4130 ParkLake Avenue, Suite 500, Raleigh NC 27612, has audited our financial statements and financial highlights at December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, as set forth in their report. We have included our financial statements and financial highlights in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on its authority as an expert in accounting and auditing.

#### **AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus. The registration statement contains additional information about us and the securities being offered by this prospectus.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.

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**Triangle Capital Corporation**  
**Consolidated Balance Sheets**

	March 31, 2011 (Unaudited)	December 31, 2010
<b>Assets</b>		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of \$287,830,346 and \$244,197,828 at March 31, 2011 and December 31, 2010, respectively)	\$ 290,736,361	\$ 245,392,144
Affiliate investments (cost of \$66,285,172 and \$60,196,084 at March 31, 2011 and December 31, 2010, respectively)	63,438,848	55,661,878
Control investments (cost of \$23,332,268 and \$19,647,795 at March 31, 2011 and December 31, 2010, respectively)	30,011,421	24,936,571
Total investments at fair value	384,186,630	325,990,593
Cash and cash equivalents	73,420,711	54,820,222
Interest and fees receivable	1,400,613	867,627
Prepaid expenses and other current assets	338,094	119,151
Deferred financing fees	6,414,292	6,200,254
Property and equipment, net	58,698	47,647
Total assets	<u>\$ 465,819,038</u>	<u>\$ 388,045,494</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 927,738	\$ 2,268,898
Interest payable	613,677	2,388,505
Taxes payable	6,307	197,979
Deferred revenue	42,787	37,500
Deferred income taxes	402,787	208,587
SBA-guaranteed debentures payable	214,607,244	202,464,866
Total liabilities	216,600,540	207,566,335
<b>Net Assets</b>		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 18,569,856 and 14,928,987 shares issued and outstanding as of March 31, 2011 and December 31, 2010, respectively)	18,570	14,929
Additional paid-in-capital	247,760,609	183,602,755
Investment income in excess of distributions	3,347,637	3,365,548
Accumulated realized losses on investments	(8,244,376)	(8,244,376)
Net unrealized appreciation of investments	6,336,058	1,740,303
Total net assets	<u>249,218,498</u>	<u>180,479,159</u>
Total liabilities and net assets	<u>\$ 465,819,038</u>	<u>\$ 388,045,494</u>
Net asset value per share	<u>\$ 13.42</u>	<u>\$ 12.09</u>

See accompanying notes.

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**Triangle Capital Corporation**  
**Unaudited Consolidated Statements of Operations**

	Three Months Ended March 31, 2011	Three Months Ended March 31 2010,
Investment income:		
Loan interest, fee and dividend income:		
Non-Control / Non-Affiliate investments	\$ 8,749,449	\$ 4,801,642
Affiliate investments	1,374,243	1,030,596
Control investments	258,268	353,145
Total loan interest, fee and dividend income	10,381,960	6,185,383
Paid — in — kind interest income:		
Non-Control / Non-Affiliate investments	1,481,820	827,601
Affiliate investments	395,171	262,677
Control investments	65,297	125,948
Total paid — in — kind interest income	1,942,288	1,216,226
Interest income from cash and cash equivalent investments	101,149	83,298
Total investment income	12,425,397	7,484,907
Expenses:		
Interest expense	1,989,984	1,739,980
Amortization of deferred financing fees	309,763	96,431
General and administrative expenses	2,397,523	1,854,812
Total expenses	4,697,270	3,691,223
Net investment income	7,728,127	3,793,684
Net realized gain on investments — Non Control / Non-Affiliate	—	199,200
Net unrealized appreciation of investments	4,595,755	209,343
Total net gain on investments before income taxes	4,595,755	408,543
Income tax benefit (provision)	27,359	(52,898)
Net increase in net assets resulting from operations	\$12,351,241	\$ 4,149,329
Net investment income per share — basic and diluted	\$ 0.46	\$ 0.32
Net increase in net assets resulting from operations per share — basic and diluted	\$ 0.73	\$ 0.35
Dividends declared per common share	\$ 0.42	\$ 0.41
Weighted average number of shares outstanding — basic and diluted	16,848,570	11,877,688

See accompanying notes.

**Triangle Capital Corporation**  
**Unaudited Consolidated Statements of Changes in Net Assets**

	<u>Common Stock</u>			Investment	Accumulated	Net	
	Number	Par	Additional	Income	Realized	Unrealized	Total
	of Shares	Value	Paid In	in Excess of	Gains	Appreciation	Net
			Capital	(Less Than)	(Losses) on	(Depreciation)	Assets
				Distributions	Investments	of Investments	
Balance, January 1, 2010	11,702,511	\$11,703	\$136,769,259	\$ 1,070,452	\$ 448,164	\$ (9,200,386)	\$129,099,192
Net investment income	—	—	—	3,793,684	—	—	3,793,684
Stock-based compensation	—	—	248,556	—	—	—	248,556
Net realized gain on investments	—	—	—	—	199,200	(179,200)	20,000
Net unrealized gains on investments	—	—	—	—	—	388,543	388,543
Provision for income taxes	—	—	—	(52,898)	—	—	(52,898)
Dividends/distributions declared	100,046	100	1,215,461	(4,893,183)	—	—	(3,677,622)
Expenses related to public offering of common stock	—	—	(2,255)	—	—	—	(2,255)
Issuance of restricted stock	142,499	142	(142)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(10,462)	(10)	(123,830)	—	—	—	(123,840)
Balance, March 31, 2010	<u>11,934,594</u>	<u>\$11,935</u>	<u>\$138,107,049</u>	<u>\$ (81,945)</u>	<u>\$ 647,364</u>	<u>\$ (8,991,043)</u>	<u>\$129,693,360</u>
Balance, January 1, 2011	14,928,987	\$14,929	\$183,602,755	\$ 3,365,548	\$ (8,244,376)	\$ 1,740,303	\$180,479,159
Net investment income	—	—	—	7,728,127	—	—	7,728,127
Stock-based compensation	—	—	414,329	—	—	—	414,329
Net unrealized gains on investments	—	—	—	—	—	4,595,755	4,595,755
Income tax benefit	—	—	—	27,359	—	—	27,359
Dividends/distributions declared	61,766	62	1,094,444	(7,773,397)	—	—	(6,678,891)
Public offering of common stock	3,450,000	3,450	63,134,805	—	—	—	63,138,255
Issuance of restricted stock	152,779	153	(153)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(23,676)	(24)	(485,571)	—	—	—	(485,595)
Balance, March 31, 2011	<u>18,569,856</u>	<u>\$18,570</u>	<u>\$247,760,609</u>	<u>\$ 3,347,637</u>	<u>\$ (8,244,376)</u>	<u>\$ 6,336,058</u>	<u>\$249,218,498</u>

See accompanying notes.

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**Triangle Capital Corporation**  
**Unaudited Consolidated Statements of Cash Flows**

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Cash flows from operating activities:		
Net increase in net assets resulting from operations	\$ 12,351,241	\$ 4,149,329
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Purchases of portfolio investments	(68,275,512)	(14,143,949)
Repayments received/sales of portfolio investments	14,936,864	6,520,580
Loan origination and other fees received	1,466,292	301,875
Net realized gain on investments	—	(199,200)
Net unrealized appreciation of investments	(4,789,955)	(246,344)
Deferred income taxes	194,200	37,000
Payment-in-kind interest accrued, net of payments received	(857,493)	(1,059,516)
Amortization of deferred financing fees	309,763	96,431
Accretion of loan origination and other fees	(415,247)	(215,033)
Accretion of loan discounts	(260,986)	(117,201)
Accretion of discount on SBA-guaranteed debentures payable	42,378	—
Depreciation expense	7,064	5,478
Stock-based compensation	414,329	248,556
Changes in operating assets and liabilities:		
Interest and fees receivable	(532,986)	(563,354)
Prepaid expenses	(218,943)	(62,373)
Accounts payable and accrued liabilities	(1,341,160)	(1,192,113)
Interest payable	(1,774,828)	(1,738,084)
Deferred revenue	5,287	(37,500)
Taxes payable	(191,672)	(27,245)
Net cash used in operating activities	(48,931,364)	(8,242,663)
Cash flows from investing activities:		
Purchases of property and equipment	(18,115)	—
Net cash used in investing activities	(18,115)	—
Cash flows from financing activities:		
Borrowings under SBA-guaranteed debentures payable	21,600,000	—
Repayments of SBA-guaranteed debentures payable	(9,500,000)	—
Financing fees paid	(523,801)	—
Proceeds from public stock offerings, net of expenses	63,138,255	(2,255)
Common stock withheld for payroll taxes upon vesting of restricted stock	(485,595)	(123,840)
Cash dividends paid	(6,678,891)	(3,558,973)
Net cash provided by (used in) financing activities	67,549,968	(3,685,068)
Net increase (decrease) in cash and cash equivalents	18,600,489	(11,927,731)
Cash and cash equivalents, beginning of period	54,820,222	55,200,421
Cash and cash equivalents, end of period	<u>\$ 73,420,711</u>	<u>\$ 43,272,690</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 3,722,434</u>	<u>\$ 3,478,064</u>

See accompanying notes.

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**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments**  
**March 31, 2011**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
<i>Non-Control / Non-Affiliate Investments:</i>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (2%)*	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13) Common Stock-PHM (128,571 shares) Common Stock Warrants-AA (455 shares)	\$ 4,195,389	\$ 4,160,551 128,571 142,361	\$ 4,160,551 128,571 1,306,000
			4,195,389	4,431,483	5,595,122
Ann's House of Nuts, Inc. (4%)*	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17) Preferred A Units (22,368 units) Preferred B Units (10,380 units) Common Units (190,935 units) Common Stock Warrants (14,558 shares)	7,027,416	6,631,493 2,124,957 986,059 150,000 14,558	6,631,493 2,124,957 986,059 150,000 14,558
			7,027,416	9,907,067	9,907,067
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 Shares)		516,867	523,400
				516,867	523,400
Botanical Laboratories, Inc. (4%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, 1% PIK, Due 02/15) Common Unit Warrants (998,680)	10,429,678	9,802,439 474,600	9,802,439 —
			10,429,678	10,277,039	9,802,439
Capital Contractors, Inc. (4%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15) Common Stock Warrants (20 shares)	9,046,079	8,399,088 492,000	8,399,088 492,000
			9,046,079	8,891,088	8,891,088
Carolina Beer and Beverage, LLC (5%)*	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16) Class A Units (11,974 Units) Class B Units (11,974 Units)	12,993,885	12,760,206 1,077,615 119,735	12,760,206 799,400 —
			12,993,885	13,957,556	13,559,606
CRS Reprocessing, LLC (9%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15) Subordinated Note (10% Cash, 4% PIK, Due 11/15) Common Unit Warrant (508 Units)	11,185,210 10,685,609 21,870,819	10,783,135 9,729,313 1,078,456	10,783,135 9,729,313 1,412,500
			21,870,819	21,590,904	21,924,948
CV Holdings, LLC (5%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Royalty rights	11,802,569	11,209,482 874,400	11,209,482 730,000
			11,802,569	12,083,882	11,939,482

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

<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>
DLR Restaurants, LLC (4%)*	Restaurant	Subordinated Note (12% Cash, 2% PIK, Due 03/16) Royalty rights	9,010,500	8,770,500	8,770,500
			9,010,500	8,770,500	8,770,500
Electronic Systems Protection, Inc. (2%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	3,199,721 828,035	3,179,312 828,035	3,179,312 828,035
				285,000	147,000
			4,027,756	4,292,347	4,154,347
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833	1,011,800
				4,833	1,011,800
Frozen Specialties, Inc. (3%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	8,161,657	8,053,672	8,053,672
			8,161,657	8,053,672	8,053,672
Garden Fresh Restaurant Corp. (0%)*	Restaurant	Membership Units (5,000 units)		500,000	735,800
				500,000	735,800
Great Expressions Group Holdings, LLC (0%)*	Dental Practice Management	Class A Units (225 Units)		450,000	639,600
				450,000	639,600
Grindmaster-Cecilware Corp. (2%)*	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	6,062,732	5,972,635	5,972,635
			6,062,732	5,972,635	5,972,635
Hatch Chile Co., LLC (2%)*	Food Products Distributer	Senior Note (19% Cash, Due 07/15) Subordinated Note (14% Cash, Due 07/15) Unit Purchase Warrant (5,265 Units)	\$ 4,500,000 1,000,000	\$ 4,398,485 844,400	\$ 4,398,485 844,400
			5,500,000	5,392,685	5,373,885
Home Physicians, LLC ("HP") and Home Physicians Holdings, LP ("HPH") (5%)*	In-home primary care physician services	Subordinated Note-HP (12% Cash, 5%PIK, Due 03/16) Subordinated Note-HPH (4% Cash, 6% PIK, Due 03/16) Royalty rights	10,255,695 1,226,429	10,030,695 1,226,429	10,030,695 1,226,429
			11,482,124	11,257,124	11,257,124
Infrastructure Corporation of America, Inc. (4%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15) Common Stock Purchase Warrant (199,526 shares)	10,796,065	9,641,655	9,641,655
			10,796,065	980,000	980,000
				10,621,655	10,621,655
Inland Pipe Rehabilitation Holding Company LLC (7%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	8,274,920	7,653,008	7,653,008

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

<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>
		Subordinated Note (18% Cash, Due 01/14)	\$ 3,905,108	\$ 3,878,922	\$ 3,878,922
		Subordinated Note (15% Cash, Due 01/14)	306,302	306,302	306,302
		Subordinated Note (15.3% Cash, Due 01/14)	3,500,000	3,467,128	3,467,128
		Membership Interest Purchase Warrant (3.0%)		853,500	2,310,000
			15,986,330	16,158,860	17,615,360
Library Systems & Services, LLC (2%)*	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15)	5,309,063	5,169,473	5,169,473
		Common Stock Warrants (112 shares)		58,995	525,000
			5,309,063	5,228,468	5,694,473
McKenzie Sports Products, LLC (2%)*	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,025,694	5,911,165	5,911,165
			6,025,694	5,911,165	5,911,165
Media Temple, Inc. (5%)*	Web Hosting Services	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	8,800,000	8,632,828	8,632,828
		Convertible Note (8% Cash, 6% PIK, Due 04/15)	3,200,000	2,695,136	2,695,136
		Common Stock Purchase Warrant (28,000 Shares)		536,000	536,000
			12,000,000	11,863,964	11,863,964
Minco Technology Labs, LLC (2%)*	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16)	5,143,671	5,029,574	5,029,574
		Class A Units (5,000 Units)		500,000	254,600
			5,143,671	5,529,574	5,284,174
National Investment Managers Inc. (5%)*	Retirement Plan Administrator	Subordinated Note (11% Cash, 5% PIK, Due 09/16)	11,267,188	10,985,938	10,985,938
		Preferred A Units (90,000 Units)		900,000	900,000
		Common Units (10,000 Units)		100,000	100,000
			11,267,188	11,985,938	11,985,938
Novolyte Technologies, Inc. (4%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 4% PIK, Due 07/16)	7,046,667	6,911,251	6,911,251
		Subordinated Note (12% Cash, 4% PIK, Due 07/16)	2,265,000	2,221,474	2,221,474
		Preferred Units (641 units)		661,227	664,600
		Common Units (24,522 units)		165,306	370,200
			9,311,667	9,959,258	10,167,525
Pomeroy IT Solutions (4%)*	Information Technology Outsourcing Services	Subordinated Notes (13% Cash, 2% PIK, Due 02/16)	10,027,222	9,770,229	9,770,229
			10,027,222	9,770,229	9,770,229
SRC, Inc. (4%)*	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14)	9,046,078	8,757,574	8,757,574

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
		Common Stock Purchase Warrants		\$	\$
			9,046,078	8,881,374	8,881,374
SyrGIS Holdings, Inc. (2%)*	Specialty Chemical Manufacturer	Senior Notes			
		(7.75%-10.75% Cash, Due 08/12-02/14)	2,730,518	2,717,342	2,717,342
		Class C Units (2,114 units)		1,000,000	1,264,000
			2,730,518	3,717,342	3,981,342
TBG Anesthesia Management, LLC (4%)*	Physician Management Services	Senior Note			
		(13.5% Cash, Due 11/14)	11,000,000	10,632,294	10,632,294
		Warrant (263 shares)		276,100	226,200
			11,000,000	10,908,394	10,858,494
Top Knobs USA, Inc. (4%)	Hardware Designer and Distributor	Subordinated Note			
		(12% Cash, 4.5% PIK, Due 05/17)	10,019,345	9,831,398	9,831,398
		Common Stock (26,593 shares)		750,000	750,000
			10,019,345	10,581,398	10,581,398
TrustHouse Services Group, Inc. (2%)*	Food Management Services	Subordinated Note			
		(12% Cash, 2% PIK, Due 09/15)	4,462,746	4,406,514	4,406,514
		Class A Units (1,495 units)		475,000	556,300
		Class B Units (79 units)		25,000	—
			4,462,746	4,906,514	4,962,814
Tulsa Inspection Resources, Inc. (2%)*	Pipeline Inspection Services	Subordinated Note			
		(14%-17.5% Cash, Due 03/14)	5,810,588	5,510,596	5,510,596
		Common Unit (1 unit)		200,000	—
		Common Stock Warrants (8 shares)		321,000	—
			5,810,588	6,031,596	5,510,596
Twin-Star International, Inc. (2%)*	Consumer Home Furnishings Manufacturer	Subordinated Note			
		(12% Cash, 1% PIK, Due 04/14)	4,500,000	4,465,584	4,465,584
		Senior Note (4.3%, Due 04/13)	1,059,996	1,059,996	1,059,996
			5,559,996	5,525,580	5,525,580
Wholesale Floors, Inc. (1%)*	Commercial Services	Subordinated Note			
		(12.5% Cash, 3.5% PIK, Due 06/14)	3,811,639	3,416,190	3,057,400
		Membership Interest Purchase Warrant (4.0%)		132,800	—
			3,811,639	3,548,990	3,057,400
Yellowstone Landscape Group, Inc. (5%)*	Landscaping Services	Subordinated Note			
		(12% Cash, 3% PIK, Due 04/14)	12,532,129	12,355,520	12,355,520
			12,532,129	12,355,520	12,355,520
Zoom Systems (3%)*	Retail Kiosk Operator	Subordinated Note			
		(12.5% Cash, 1.5% PIK, Due 12/14)	8,155,730	7,994,845	7,994,845
		Royalty rights		—	—
			8,155,730	7,994,845	7,994,845
<b>Subtotal Non-Control /Non-Affiliate Investments</b>			<b>280,606,273</b>	<b>287,830,346</b>	<b>290,736,361</b>



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**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
<i>Affiliate Investments:</i>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Wholesale and Distribution	Subordinated Note (5% PIK, Due 10/13) Membership Units (6,516 Units)	\$ 5,613,162	\$ 5,167,911	\$ 3,985,700
				350,000	—
			5,613,162	5,517,911	3,985,700
AP Services, Inc. (3%)*	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (933 units) Class B Units (496 units)	5,864,100	5,756,863	5,756,863
				933,333	976,000
				—	79,000
			5,864,100	6,690,196	6,811,863
Asset Point, LLC (2%)*	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13) Senior Note (12% Cash, 2% PIK, Due 07/15) Options to Purchase Membership Units (342,407 units) Membership Unit Warrants (356,506 units)	5,828,514	5,781,329	5,506,899
			608,216	608,216	491,400
				500,000	—
				—	—
			6,436,730	6,889,545	5,998,299
Axxiom Manufacturing, Inc. (0%)*	Industrial Equipment Manufacturer	Common Stock (136,400 shares) Common Stock Warrant (4,000 shares)		200,000	966,000
				—	28,300
				200,000	994,300
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street") (4) (2%)*	Oil and Gas Services	Subordinated Note- Brantley Transportation (14% Cash, Due 12/12) 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	3,745,701	3,745,701
				33,600	—
				200,000	—
				—	—
			3,800,000	3,979,301	3,745,701
Captek Softgel International, Inc. (3%)*	Nutraceutical Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 08/16) Class A Units (80,000 units)	8,028,445	7,868,445	7,868,445
				800,000	800,000
			8,028,445	8,668,445	8,668,445
Dyson Corporation (1%)*	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	2,707,000
				1,000,000	2,707,000
Equisales, LLC (2%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12) Class A Units (500,000 units)	3,031,333	2,998,853	2,998,853
				480,900	870,000
			3,031,333	3,479,753	3,868,853

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Plantation Products, LLC (6%)*	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16)	\$ 14,691,125	\$ 14,340,163	\$ 14,340,163
		Preferred Units (1,127 units)		1,127,000	1,127,000
		Common Units (92,000 units)		23,000	23,000
			14,691,125	15,490,163	15,490,163
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)		\$ 563,602	\$ 477,000
				563,602	477,000
Technology Crops International (2%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15)	\$ 5,400,543	5,321,724	5,321,724
		Common Units (50 Units)		500,000	350,800
			5,400,543	5,821,724	5,672,524
Waste Recyclers Holdings, LLC (2%)*	Environmental and Facilities Services	Class A Preferred Units (280 Units)		2,251,100	—
		Class B Preferred Units (985,372 Units)		3,304,218	3,529,000
		Class C Preferred Units (1,444,475 Units)		1,499,531	1,490,000
		Common Unit Purchase Warrant (1,170,083 Units)		748,900	—
		Common Units (153,219 Units)		180,783	—
				7,984,532	5,019,000
<b>Subtotal Affiliate Investments</b>			<b>52,865,438</b>	<b>66,285,172</b>	<b>63,438,848</b>
<b>Control Investments:</b>					
FCL Graphics, Inc. (1%)*	Commercial Printing Services	Senior Note (3.8% Cash, 2% PIK, Due 9/11)	1,499,343	1,497,269	1,497,269
		Senior Note (7.8% Cash, 2% PIK, Due 9/11)	2,055,472	2,051,807	1,049,232
		2nd Lien Note (2.8% Cash, 8% PIK, Due 12/11)	3,540,146	2,996,826	—
		Preferred Shares (35,000 shares)		—	—
		Common Shares (4,000 shares)		—	—
		Members Interests (3,839 Units)		—	—
			7,094,961	6,545,902	2,546,501
Fire Sprinkler Systems, Inc. (0%)*	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/12)	3,231,336	2,780,028	750,000
		Common Stock (2,978 shares)		294,624	—
			3,231,336	3,074,652	750,000
Fischbein, LLC (9%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 3.5% PIK, Due 05/13)	4,383,708	4,314,072	4,314,072
		Class A-1 Common Units (558,140 units)		558,140	2,544,000
		Class A Common Units (4,200,000 units)		4,200,000	16,286,000
			4,383,708	9,072,212	23,144,072
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (8.5% Cash, Due 03/15)	3,000,000	3,000,000	2,318,100

**TRIANGLE CAPITAL CORPORATION**  
**Unaudited Consolidated Schedule of Investments — (Continued)**

<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>
		Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11)	\$ 138,369	\$ 120,000	\$ 120,000
		Royalty rights Common Stock Warrants (56,559 shares)		83,414	112,100
		Class E Preferred Shares (400 shares)		161,440	—
		Common Stock (300 shares)		100,000	—
			3,138,369	3,464,854	2,550,200
Weave Textiles, LLC (0%)*	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11)	319,648	319,648	319,648
		Membership Units (425 units)		855,000	701,000
			319,648	1,174,648	1,020,648
<b>Subtotal Control Investments</b>			<b>18,168,022</b>	<b>23,332,268</b>	<b>30,011,421</b>
<b>Total Investments, March 31, 2011(154%)*</b>			<b>\$ 351,639,733</b>	<b>\$ 377,447,786</b>	<b>\$ 384,186,630</b>

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.
- (2) Disclosures of interest rates on notes include cash interest rates and payment-in-kind ("PIK") interest rates.
- (3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.
- (4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

See accompanying notes.

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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments**  
**December 31, 2010**

<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment(1)</u> <u>(2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value(3)</u>
<i>Non—Control / Non—Affiliate Investments:</i>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (3%)*	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13)	\$ 4,325,151	\$ 4,287,109	\$ 4,287,109
		Common Stock-PHM (128,571 shares)		128,571	68,500
		Common Stock Warrants-AA (455 shares)		142,361	852,000
			4,325,151	4,558,041	5,207,609
Ann's House of Nuts, Inc. (5%)*	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17)	7,009,722	6,603,828	6,603,828
		Preferred A Units (22,368 units)		2,124,957	2,124,957
		Preferred B Units (10,380 units)		986,059	986,059
		Common Units (190,935 units)		150,000	150,000
		Common Stock Warrants (14,558 shares)		14,558	14,558
			7,009,722	9,879,402	9,879,402
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 Shares)		516,867	528,900
				516,867	528,900
Botanical Laboratories, Inc. (5%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, Due 02/15)	10,500,000	9,843,861	9,843,861
		Common Unit Warrants (998,680)	—	474,600	—
			10,500,000	10,318,461	9,843,861
Capital Contractors, Inc. (5%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15)	9,001,001	8,329,001	8,329,001
		Common Stock Warrants (20 shares)		492,000	492,000
			9,001,001	8,821,001	8,821,001
Carolina Beer and Beverage, LLC (8%)*	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16)	12,865,233	12,622,521	12,622,521
		Class A Units (11,974 Units)		1,077,615	1,077,615
		Class B Units (11,974 Units)		119,735	119,735
			12,865,233	13,819,871	13,819,871
CRS Reprocessing, LLC (8%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15)	11,129,470	10,706,406	10,706,406
		Subordinated Note (10% Cash, 4% PIK, Due 11/15)	3,403,211	3,052,570	3,052,570
		Common Unit Warrant (340 Units)		564,454	1,043,000
			14,532,681	14,323,430	14,801,976

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
CV Holdings, LLC (6%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Royalty rights	\$ 11,685,326 11,685,326	\$ 11,042,011 874,400 11,916,411	\$ 11,042,011 622,500 11,664,511
Electronic Systems Protection, Inc. (2%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	3,183,802 835,261 4,019,063	3,162,604 835,261 285,000 4,282,865	3,162,604 835,261 110,000 4,107,865
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833 4,833	414,100 414,100
Frozen Specialties, Inc. (4%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	8,060,481 8,060,481	7,945,904 7,945,904	7,945,904 7,945,904
Garden Fresh Restaurant Corp. (0%)*	Restaurant	Membership Units (5,000 units)		500,000 500,000	723,800 723,800
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (0.69% PIK, Due 08/11) Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11) Royalty rights Common Stock Warrants (56,559 shares)	3,799,359 137,233 — 3,936,592	3,161,442 120,000 — 3,364,856	2,156,500 120,000 112,100 2,388,600
Great Expressions Group Holdings, LLC (3%)*	Dental Practice Management	Subordinated Note (12% Cash, 4% PIK, Due 08/15) Class A Units (225 Units)	4,561,311 4,561,311	4,498,589 450,000 4,948,589	4,498,589 678,400 5,176,989
Grindmaster-Cecilware Corp. (3%)*	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	5,995,035 5,995,035	5,900,500 5,900,500	5,900,500 5,900,500
Hatch Chile Co., LLC (3%)*	Food Products Distributor	Senior Note (19% Cash, Due 07/15) Subordinated Note (14% Cash, Due 07/15) Unit Purchase Warrant (5,265 Units)	4,500,000 1,000,000 5,500,000	4,394,652 837,779 149,800 5,382,231	4,394,652 837,779 149,800 5,382,231

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment(1)</u> <u>(2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value(3)</u>
Infrastructure Corporation of America, Inc. (6%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15) Common Stock Purchase Warrant (199,526 shares)	\$ 10,769,120	\$ 9,566,843	\$ 9,566,843
			<u>10,769,120</u>	<u>980,000</u> <u>10,546,843</u>	<u>980,000</u> <u>10,546,843</u>
Inland Pipe Rehabilitation Holding Company LLC (10%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14) Subordinated Note (18% Cash, Due 01/14) Subordinated Note (15% Cash, Due 01/14) Subordinated Note (15.3% Cash, Due 01/14) Membership Interest Purchase Warrant (3.0%)	8,274,920 3,905,108 306,302 3,500,000	7,621,285 3,861,073 306,302 3,465,000	7,621,285 3,861,073 306,302 3,465,000
			<u>15,986,330</u>	<u>853,500</u> <u>16,107,160</u>	<u>2,982,600</u> <u>18,236,260</u>
Library Systems & Services, LLC (3%)*	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15) Common Stock Warrants (112 shares)	5,250,000	5,104,255	5,104,255
			<u>5,250,000</u>	<u>58,995</u> <u>5,163,250</u>	<u>535,000</u> <u>5,639,255</u>
McKenzie Sports Products, LLC (3%)*	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,010,667	5,893,359	5,893,359
			<u>6,010,667</u>	<u>5,893,359</u>	<u>5,893,359</u>
Media Temple, Inc. (7%)*	Web Hosting Services	Subordinated Note (12% Cash, 4% PIK, Due 04/15) Convertible Note (8% Cash, 4% PIK, Due 04/15) Common Stock Purchase Warrant (28,000 Shares)	8,800,000 3,200,000	8,624,776 2,668,581	8,624,776 2,668,581
			<u>12,000,000</u>	<u>536,000</u> <u>11,829,357</u>	<u>536,000</u> <u>11,829,357</u>
Minco Technology Labs, LLC (3%)*	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16) Class A Units (5,000 Units)	5,102,216	4,984,368	4,984,368
			<u>5,102,216</u>	<u>500,000</u> <u>5,484,368</u>	<u>296,800</u> <u>5,281,168</u>
Novolyte Technologies, Inc. (5%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15) Preferred Units (641 units) Common Units (24,522 units)	7,785,733	7,686,662	7,686,662
			<u>7,785,733</u>	<u>640,818</u> <u>160,204</u> <u>8,487,684</u>	<u>664,600</u> <u>370,200</u> <u>8,721,462</u>
SRC, Inc. (5%)*	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14) Common Stock Purchase Warrants	9,001,000	8,697,200	8,697,200
			<u>9,001,000</u>	<u>123,800</u> <u>8,821,000</u>	<u>123,800</u> <u>8,821,000</u>

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Syrgis Holdings, Inc. (2%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14) Class C Units (2,114 units)	\$ 2,873,393	\$ 2,858,198 1,000,000	\$ 2,858,198 962,200
			2,873,393	3,858,198	3,820,398
TBG Anesthesia Management, LLC (6%)*	Physician Management Services	Senior Note (13.5% Cash, Due 11/14) Warrant (263 shares)	11,000,000	10,612,766 276,100	10,612,766 165,000
			11,000,000	10,888,866	10,777,766
Top Knobs USA, Inc. (6%)	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17) Common Stock (26,593 shares)	9,910,331	9,713,331 750,000	9,713,331 750,000
			9,910,331	10,463,331	10,463,331
TrustHouse Services Group, Inc. (3%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (1,495 units) Class B Units (79 units)	4,440,543	4,381,604 475,000 25,000	4,381,604 492,900 —
			4,440,543	4,881,604	4,874,504
Tulsa Inspection Resources, Inc. (3%)*	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14) Common Unit (1 unit) Common Stock Warrants (8 shares)	5,810,588	5,490,797 200,000 321,000	5,490,797 — —
			5,810,588	6,011,797	5,490,797
Twin-Star International, Inc. (3%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14) Senior Note (4.53%, Due 04/13)	4,500,000	4,462,290 1,088,962	4,462,290 1,088,962
			5,588,962	5,551,252	5,551,252
Wholesale Floors, Inc. (1%)*	Commercial Services	Subordinated Note (12.5% Cash, 1.5% PIK, Due 06/14) Membership Interest Purchase Warrant (4.0%)	3,739,639	3,387,525 132,800	2,632,100 —
			3,739,639	3,520,325	2,632,100
Yellowstone Landscape Group, Inc. (7%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	12,438,838	12,250,147	12,250,147
			12,438,838	12,250,147	12,250,147
Zoom Systems (4%)*	Retail Kiosk Operator	Subordinated Note (12.5% Cash, 1.5% PIK, Due 12/14) Royalty rights	8,125,222	7,956,025 —	7,956,025 —
			8,125,222	7,956,025	7,956,025
Subtotal Non-Control / Non-Affiliate Investments			237,824,178	244,197,828	245,392,144

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
<i>Affiliate Investments:</i>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Wholesale and Distribution	Subordinated Note (5% PIK, Due 10/13)	\$ 5,475,141	\$ 5,153,341	\$ 3,985,700
		Membership Units (6,516 Units)		350,000	—
			5,475,141	5,503,341	3,985,700
AP Services, Inc. (4%)*	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	5,834,877	5,723,194	5,723,194
		Class A Units (933 units)		933,333	933,333
		Class B Units (496 units)		—	—
			5,834,877	6,656,527	6,656,527
Asset Point, LLC (3%)*	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13)	5,756,261	5,703,925	5,384,500
		Senior Note (12% Cash, 2% PIK, Due 07/15)	605,185	605,185	478,100
		Options to Purchase Membership Units (342,407 units)		500,000	—
		Membership Unit Warrants (356,506 units)		—	—
			6,361,446	6,809,110	5,862,600
Axxiom Manufacturing, Inc. (1%)*	Industrial Equipment Manufacturer	Common Stock (136,400 shares)		200,000	978,700
		Common Stock Warrant (4,000 shares)		—	28,700
				200,000	1,007,400
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street")(4)(2%)*	Oil and Gas Services	Subordinated Note-Brantley Transportation (14% Cash, Due 12/12)	3,800,000	3,738,821	3,546,600
		Common Unit Warrants-Brantley Transportation (4,560 common units)		33,600	—
		Preferred Units-Pine Street (200 units)		200,000	—
		Common Unit Warrants-Pine Street (2,220 units)		—	—
			3,800,000	3,972,421	3,546,600
Dyson Corporation (1%)*	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	2,476,000
				1,000,000	2,476,000
Equisales, LLC (4%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12)	6,000,000	5,959,983	5,959,983
		Class A Units (500,000 units)		480,900	569,300
			6,000,000	6,440,883	6,529,283
Plantation Products, LLC (8%)*	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16)	14,527,188	14,164,688	14,164,688
		Preferred Units (1,127 units)		1,127,000	1,127,000
		Common Units (92,000 units)		23,000	23,000
			14,527,188	15,314,688	15,314,688



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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)	\$	\$ 563,602	\$ 505,500
				563,602	505,500
Technology Crops International (3%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,333,595	5,250,980	5,250,980
				500,000	612,200
			5,333,595	5,750,980	5,863,180
Waste Recyclers Holdings, LLC (2%)*	Environmental and Facilities Services	Class A Preferred Units (280 Units) Class B Preferred Units (985,372 Units) Class C Preferred Units (1,444,475 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)		2,251,100	—
				3,304,218	2,384,100
				1,499,531	1,530,300
				748,900	—
				180,783	—
				7,984,532	3,914,400
			47,332,247	60,196,084	55,661,878
Subtotal Affiliate Investments					
Control Investments:					
FCL Graphics, Inc. (1%)*	Commercial Printing Services	Senior Note (3.76% Cash, 2% PIK, Due 9/11)	1,500,498	1,497,934	1,465,400
		Senior Note (7.79% Cash, 2% PIK, Due 9/11)	2,045,228	2,041,167	1,081,100
		2nd Lien Note (2.79% Cash, 8% PIK, Due 12/11)	3,470,254	2,996,287	—
		Preferred Shares (35,000 shares)		—	—
		Common Shares (4,000 shares)		—	—
		Members Interests (3,839 Units)		—	—
			7,015,980	6,535,388	2,546,500
Fire Sprinkler Systems, Inc. (0%)*	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/11) Common Stock (2,978 shares)	3,065,981	2,626,072	750,000
				294,624	—
			3,065,981	2,920,696	750,000
Fischbein, LLC (11%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 5.5% PIK, Due 05/13) Class A-1 Common Units (558,140 units) Class A Common Units (4,200,000 units)	4,345,573	4,268,333	4,268,333
				558,140	2,200,600
				4,200,000	13,649,600
			4,345,573	9,026,473	20,118,533
Weave Textiles, LLC (1%)*	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11) Membership Units (425 units)	310,238	310,238	310,238
				855,000	1,211,300
			310,238	1,165,238	1,521,538
Subtotal Control Investments			14,737,772	19,647,795	24,936,571
Total Investments, December 31, 2010(181%)*			299,894,197	324,041,707	325,990,593

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.
- (2) Disclosures of interest rates on subordinated notes include cash interest rates and paid-in-kind ("PIK") interest rates.
- (3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.
- (4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

*See accompanying notes.*

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements**

**1. Organization, Basis of Presentation and Business**

**Organization**

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

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

**Basis of Presentation**

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

The accompanying unaudited financial statements are presented in conformity with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual consolidated financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for the fair presentation of financial statements for the interim period, have been reflected in the unaudited consolidated financial statements. The current period's results of operations are not necessarily indicative of results that ultimately may be achieved for the year. 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, 2010. 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.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

**2. Investments**

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

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
<b>March 31, 2011:</b>				
Subordinated debt, Unitranche and 2 <sup>nd</sup> lien notes	\$330,396,564	88%	\$322,755,563	84%
Senior debt	8,474,097	2	7,471,522	2
Equity shares	31,202,841	8	45,032,087	12
Equity warrants	6,499,884	2	8,085,358	2
Royalty rights	874,400	—	842,100	—
	<u>\$377,447,786</u>	<u>100%</u>	<u>\$384,186,630</u>	<u>100%</u>
<b>December 31, 2010:</b>				
Subordinated debt, Unitranche and 2 <sup>nd</sup> lien notes	\$279,433,775	86%	\$270,994,677	83%
Senior debt	8,631,760	3	7,639,159	3
Equity shares	29,115,890	9	38,719,699	12
Equity warrants	5,985,882	2	7,902,458	2
Royalty rights	874,400	—	734,600	—
	<u>\$324,041,707</u>	<u>100%</u>	<u>\$325,990,593</u>	<u>100%</u>

During the three months ended March 31, 2011, the Company made five new investments totaling approximately \$51.5 million and investments in four existing portfolio companies totaling approximately \$16.8 million. During the three months ended March 31, 2010, the Company made two new investments totaling approximately \$11.6 million and five investments in existing portfolio companies totaling approximately \$2.5 million.

**Valuation of Investments**

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

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

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

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

*Level 3* — inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's investment portfolio is comprised of debt and equity instruments of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its investments at fair value, as determined in good faith by the Board of Directors (Level 3 inputs, as further described below). Due to the inherent uncertainty in the valuation process, the Board of Directors' estimate of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

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

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

In making the good faith determination of the value of debt securities, the Company starts with the cost basis of the security, which includes the amortized original issue discount, and payment-in-kind ("PIK") interest, if any. The Company also uses a risk rating system to estimate the probability of default on the debt securities and the probability of loss if there is a default. The risk rating system covers both qualitative and quantitative aspects of the business and the securities held. In valuing debt securities, management utilizes an "income approach" model that considers factors including, but not limited to, (i) the portfolio investment's current risk rating, (ii) the portfolio company's current trailing twelve months' ("TTM") results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's anticipated results for the next twelve months of operations, (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and, (v) when management believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt.

In valuing equity securities of private companies, the Company considers valuation methodologies consistent with industry practice, including but not limited to (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) publicly available information regarding the valuation of the securities based on recent sales in comparable transactions of private companies and, (iii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and the market multiple of their equity securities.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

The following table presents the Company's financial instruments carried at fair value as of March 31, 2011 and December 31, 2010, on the consolidated balance sheet by ASC Topic 820 valuation hierarchy, as previously described:

	Fair Value at March 31, 2011			
	Level 1	Level 2	Level 3	Total
Portfolio company investments	\$ —	\$ —	\$384,186,630	\$384,186,630
	<u>\$ —</u>	<u>\$ —</u>	<u>\$384,186,630</u>	<u>\$384,186,630</u>
Fair Value at December 31, 2010				
	Level 1	Level 2	Level 3	Total
Portfolio company investments	\$ —	\$ —	\$325,990,593	\$325,990,593
	<u>\$ —</u>	<u>\$ —</u>	<u>\$325,990,593</u>	<u>\$325,990,593</u>

The following table reconciles the beginning and ending balances of our portfolio company investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31,	
	2011	2010
Fair value of portfolio, beginning of period	\$ 325,990,593	\$ 201,317,970
New investments	68,275,512	14,143,949
Proceeds from sales of investments	—	(240,000)
Loan origination fees received	(1,466,292)	(301,875)
Principal repayments received	(14,936,864)	(6,280,580)
Payment in kind interest earned	1,942,288	1,216,226
Payment in kind interest payments received	(1,084,795)	(156,710)
Accretion of loan discounts	260,986	117,201
Accretion of deferred loan origination revenue	415,247	215,033
Realized gain on investments	—	199,200
Unrealized gain on investments	4,789,955	246,344
Fair value of portfolio, end of period	<u>\$ 384,186,630</u>	<u>\$ 210,476,758</u>

All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported on separate line items within the Company's statements of operations. Pre-tax net unrealized gains on investments of \$4.8 million during the three months ended March 31, 2011 are related to portfolio company investments that were still held by the Company as of March 31, 2011. Pre-tax net unrealized gains on investments of \$0.4 million during the three months ended March 31, 2010 are related to portfolio company investments that were still held by the Company as of March 31, 2010.

Duff & Phelps, LLC ("Duff & Phelps"), an independent valuation firm, provides third party valuation consulting services to the Company which consist of certain limited procedures that the Company identified and requested Duff & Phelps to perform (hereinafter referred to as the "procedures"). We generally request Duff & Phelps to perform the procedures on each portfolio company at least once in every calendar year and for new portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In addition,

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

we generally request Duff & Phelps to perform the procedures on a portfolio company when there has been a significant change in the fair value of the investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to request Duff & Phelps to perform the procedures on one or more portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in the portfolio company is determined to be insignificant relative to our total investment portfolio.

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

<b>For the quarter ended:</b>	<b>Total companies</b>	<b>Percent of total investments at fair value(1)</b>
March 31, 2010	7	25%
June 30, 2010	8	29%
September 30, 2010	8	26%
December 31, 2010	9	29%
March 31, 2011	11	34%

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

Upon completion of the procedures, Duff & Phelps concluded that the fair value, 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.

#### ***Warrants***

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

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

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

#### ***Investment Classification***

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the Company, as defined in the 1940 Act, other than Control Investments. "Non-Control/Non-

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

Affiliate Investments” are those that are neither Control Investments nor Affiliate Investments. Generally, under the 1940 Act, the Company is deemed to control a company in which it has invested if the Company owns more than 25.0% of the voting securities of such company or has greater than 50.0% representation on its board. The Company is deemed to be an affiliate of a company in which the Company has invested if it owns between 5.0% and 25.0% of the voting securities of such company.

***Investment Income***

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

***Fee Income***

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

***Payment-in-Kind Interest***

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

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

***Concentration of Credit Risk***

The Company’s investees are generally lower middle-market companies in a variety of industries. At both March 31, 2011 and December 31, 2010, there were no individual investments greater than 10% of the fair value



**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

of the Company's portfolio. Income, consisting of interest, dividends, fees, other investment income, and realization of gains or losses on equity interests, can fluctuate dramatically upon repayment of an investment or sale of an equity interest and in any given year can be highly concentrated among several investees.

The Company's investments carry a number of risks including, but not limited to: 1) investing in lower middle market companies which have limited operating histories 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**

Triangle Capital Corporation has elected for federal income tax purposes to be treated as a RIC under Subchapter M of the Code. As a RIC, so long as certain minimum distribution, source-of-income and asset diversification requirements are met, income taxes are generally required to be paid only on the portion of taxable income and gains that are not distributed (actually or constructively) and on certain built-in gains.

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

For federal income tax purposes, the cost of investments owned at March 31, 2011 was approximately \$379.5 million.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

**4. Long-Term Debt**

At March 31, 2011 and December 31, 2010, the Company had the following debentures guaranteed by the SBA outstanding:

Issuance/Pooling Date	Maturity Date	Prioritized Return (Interest) Rate	March 31, 2011	December 31, 2010
<b>SBA Debentures:</b>				
September 28, 2005	September 1, 2015	5.796%	\$ —	\$ 9,500,000
March 28, 2007	March 1, 2017	6.231%	4,000,000	4,000,000
March 26, 2008	March 1, 2018	6.214%	6,410,000	6,410,000
September 24, 2008	September 1, 2018	6.455%	50,900,000	50,900,000
March 25, 2009	March 1, 2019	5.337%	22,000,000	22,000,000
March 24, 2010	March 1, 2020	4.825%	6,800,000	6,800,000
September 22, 2010	September 1, 2020	3.687%	32,590,000	32,590,000
March 29, 2011	March 1, 2021	4.474%	75,400,000	63,400,000
March 11, 2011	September 1, 2021	1.293%	9,600,000	—
<b>SBA LMI Debentures:</b>				
September 14, 2010	March 1, 2016	2.508%	6,907,244	6,864,866
			<u>\$214,607,244</u>	<u>\$202,464,866</u>

Interest payments on SBA debentures 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. The Company's SBA Low or Moderate Income ("LMI") debentures are five-year deferred interest debentures that are issued at a discount to par. The accretion of discount on SBA LMI debentures is included in interest expense in the Company's consolidated financial statements.

Under the Small Business Investment Act and current SBA policy applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time SBA-guaranteed debentures up to two times (and in certain cases, up to three times) the amount of its regulatory capital. As of March 31, 2011, the maximum statutory limit on the dollar amount of outstanding SBA-guaranteed debentures that can be issued by a single SBIC is \$150.0 million and by a group of SBICs under common control is \$225.0 million. As of March 31, 2011, the Fund has issued \$140.5 million of SBA-guaranteed debentures and has the current capacity to issue up to the statutory maximum of \$150.0 million, subject to SBA approval. As of March 31, 2011, Fund II has issued \$75.0 million in face amount of SBA-guaranteed debentures. In addition to a one-time 1.0% fee on the total commitment from the SBA, the Company also pays a one-time 2.425% fee on the amount of each SBA debenture issued and a one-time 2.0% fee on the amount of each SBA LMI debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rates for all SBA-guaranteed debentures as of March 31, 2011 and December 31, 2010 were 4.80% and 3.95%, respectively. The weighted average interest rate as of March 31, 2011 included \$205.0 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 4.97% and \$9.6 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.29%. The weighted average interest rate as of December 31, 2010 included \$139.1 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 5.29% and \$63.4 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.00%.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

**5. Equity-based Compensation**

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

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

The following table presents information with respect to the Plan for the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31, 2011		Three Months Ended March 31, 2010	
	Number of Shares	Weighted-Average Grant-Date Fair Value per Share	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Unvested shares, beginning of period	302,698	\$ 11.40	219,813	\$ 10.76
Shares granted during the period	152,779	\$ 20.51	142,499	\$ 11.84
Shares vested during the period	(68,873)	\$ 11.25	(33,247)	\$ 10.62
Unvested shares, end of period	<u>386,604</u>	\$ 15.03	<u>329,065</u>	\$ 11.24

In the three months ended March 31, 2011 and 2010, the Company recognized equity-based compensation expense of approximately \$0.4 million and \$0.2 million, respectively. This expense is included in general and administrative expenses in the Company's consolidated statements of operations.

As of March 31, 2011, there was approximately \$5.2 million of total unrecognized compensation cost, related to the Company's non-vested restricted shares. This cost is expected to be recognized over a weighted-average period of approximately 2.5 years.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

**6. Financial Highlights**

The following is a schedule of financial highlights for the three months ended March 31, 2011 and 2010:

	Three Months Ended March 31,	
	2011	2010
Per share data:		
Net asset value at beginning of period	\$ 12.09	\$ 11.03
Net investment income(1)	0.46	0.32
Net realized gain (loss) on investments(1)	—	0.02
Net unrealized appreciation on investments(1)	0.27	0.02
Total increase from investment operations(1)	0.73	0.36
Cash dividends/distributions declared	(0.42)	(0.41)
Shares issued pursuant to Dividend Reinvestment Plan	0.01	0.10
Common stock offerings	1.17	—
Stock-based compensation	(0.11)	(0.11)
Income tax provision(1)	—	(0.01)
Other(2)	(0.05)	(0.09)
Net asset value at end of period	<u>\$ 13.42</u>	<u>\$ 10.87</u>
Market value at end of period(3)	<u>\$ 18.06</u>	<u>\$ 14.04</u>
Shares outstanding at end of period	18,569,856	11,934,594
Net assets at end of period	\$249,218,498	\$129,693,360
Average net assets	\$205,618,569	\$131,333,496
Ratio of total expenses to average net assets (annualized)	9%	11%
Ratio of net investment income to average net assets (annualized)	15%	12%
Portfolio turnover ratio	5%	3%
Total Return(4)	(3%)	20%

(1) Weighted average basic per share data.

(2) Represents the impact of the different share amounts used in calculating per share data as a result of calculating certain per share data based upon the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

(3) Represents the closing price of the Company's common stock on the last day of the period.

(4) Total return equals the change in the ending market value of the Company's common stock during the period, plus dividends declared per share during the period, divided by the market value of the Company's common stock on the first day of the period. Total return is not annualized.

**7. Subsequent Events**

In April 2011, the Company invested \$5.0 million in The Main Resource ("TMR") consisting of subordinated debt with warrants. TMR is a supplier of aftermarket automotive parts. Under the terms of the investments, TMR will pay interest on the subordinated debt at a rate of 14% per annum.

**Triangle Capital Corporation**  
**Notes to Unaudited Consolidated Financial Statements — (Continued)**

In April 2011, the Company invested \$4.0 million in subordinated debt, \$1.0 million in junior subordinated debt with warrants and \$0.3 million in equity of Main Street Gourmet ("MSG"). MSG is a provider of bakery items primarily for retail and foodservice companies. Under the terms of the investments, MSG will pay interest on the subordinated debt and junior subordinated debt at a rate of 16.5% and 10%, respectively, per annum.

In May 2011, the Company recognized a realized gain of approximately \$12.2 million related to the sale of certain assets of Fischbein, LLC.

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders  
Triangle Capital Corporation

We have audited the accompanying consolidated balance sheets of Triangle Capital Corporation (the Company), including the consolidated schedules of investments, as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows, and the consolidated financial highlights for each of the three years in the period ended December 31, 2010. We have also audited the accompanying consolidated financial highlights for the year ended December 31, 2007 and the combined financial highlights for the year ended December 31, 2006. These financial statements and financial highlights are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2010 and 2009 by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the consolidated financial position of Triangle Capital Corporation at December 31, 2010 and 2009, the consolidated results of its operations, changes in net assets, and its cash flows, and the consolidated financial highlights for each of the three years in the period ended December 31, 2010, and the consolidated financial highlights for the year ended December 31, 2007 and the combined financial highlights for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Triangle Capital Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 9, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Raleigh, North Carolina  
March 9, 2011

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders  
Triangle Capital Corporation

We have audited Triangle Capital Corporation's internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Triangle Capital Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

In our opinion, Triangle Capital Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Triangle Capital Corporation (the Company), including the consolidated schedules of investments, as of December 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows, and the consolidated financial highlights for each of the three years in the period ended December 31, 2010. We have also audited the accompanying consolidated financial highlights for the year ended December 31, 2007 and the combined financial highlights for the year ended December 31, 2006 and our report dated March 9, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Raleigh, North Carolina  
March 9, 2011

**Triangle Capital Corporation**  
**Consolidated Balance Sheets**

	December 31,	
	2010	2009
<b>ASSETS</b>		
Investments at fair value:		
Non-Control / Non-Affiliate investments (cost of \$244,197,828 and \$143,239,223 at December 31, 2010 and 2009, respectively)	\$ 245,392,144	\$ 138,281,894
Affiliate investments (cost of \$60,196,084 and \$47,934,280 at December 31, 2010 and 2009, respectively)	55,661,878	45,735,905
Control investments (cost of \$19,647,795 and \$18,767,587 at December 31, 2010 and 2009, respectively)	24,936,571	17,300,171
Total investments at fair value	325,990,593	201,317,970
Cash and cash equivalents	54,820,222	55,200,421
Interest and fees receivable	867,627	676,961
Prepaid expenses and other current assets	119,151	286,790
Deferred financing fees	6,200,254	3,540,492
Property and equipment, net	47,647	28,666
Total assets	<u>\$ 388,045,494</u>	<u>\$ 261,051,300</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 2,268,898	\$ 2,222,177
Interest payable	2,388,505	2,333,952
Dividends payable	—	4,774,534
Taxes payable	197,979	59,178
Deferred revenue	37,500	75,000
Deferred income taxes	208,587	577,267
SBA guaranteed debentures payable	202,464,866	121,910,000
Total liabilities	207,566,335	131,952,108
Net Assets		
Common stock, \$0.001 par value per share (150,000,000 shares authorized, 14,928,987 and 11,702,511 shares issued and outstanding as of December 31, 2010 and 2009, respectively)	14,929	11,703
Additional paid-in-capital	183,602,755	136,769,259
Investment income in excess of distributions	3,365,548	1,070,452
Accumulated realized gains (losses) on investments	(8,244,376)	448,164
Net unrealized appreciation (depreciation) of investments	1,740,303	(9,200,386)
Total net assets	180,479,159	129,099,192
Total liabilities and net assets	<u>\$ 388,045,494</u>	<u>\$ 261,051,300</u>
Net asset value per share	<u>\$ 12.09</u>	<u>\$ 11.03</u>

See accompanying notes.



**Triangle Capital Corporation**  
**Consolidated Statements of Operations**

	Years Ended December 31,		
	2010	2009	2008
<b>Investment income:</b>			
Loan interest, fee and dividend income:			
Non-Control / Non-Affiliate investments	\$ 24,187,140	\$ 16,489,943	\$ 12,381,411
Affiliate investments	4,140,469	4,441,399	3,478,644
Control investments	1,333,385	1,142,764	1,434,687
Total loan interest, fee and dividend income	29,660,994	22,074,106	17,294,742
Paid-in-kind interest income:			
Non-Control / Non-Affiliate investments	4,449,358	3,114,325	2,657,281
Affiliate investments	1,059,069	1,539,776	665,817
Control investments	471,431	420,718	438,688
Total paid -in-kind interest income	5,979,858	5,074,819	3,761,786
Interest income from cash and cash equivalent investments	344,642	613,057	302,970
Total investment income	35,985,494	27,761,982	21,359,498
Expenses:			
Interest expense	7,350,012	6,900,591	4,227,851
Amortization of deferred financing fees	796,994	363,818	255,273
General and administrative expenses	7,689,015	6,448,999	6,254,096
Total expenses	15,836,021	13,713,408	10,737,220
Net investment income	20,149,473	14,048,574	10,622,278
Net realized gain (loss) on investments — Non Control / Non-Affiliate	(1,623,104)	448,164	(1,393,139)
Net realized loss on investment — Affiliate	(3,855,769)	—	—
Net realized gain on investment — Control	—	—	2,828,747
Net unrealized appreciation (depreciation) of investments	10,940,689	(10,310,194)	(4,286,375)
Total net gain (loss) on investments before income taxes	5,461,816	(9,862,030)	(2,850,767)
Provision for taxes	220,740	149,841	133,010
Net increase in net assets resulting from operations	\$ 25,390,549	\$ 4,036,703	\$ 7,638,501
Net investment income per share — basic and diluted	\$ 1.58	\$ 1.63	\$ 1.54
Net increase in net assets resulting from operations per share — basic and diluted	\$ 1.99	\$ 0.47	\$ 1.11
Dividends declared per common share	\$ 1.61	\$ 1.62	\$ 1.44
Capital gains distributions declared per common share	\$ 0.04	\$ 0.05	—
Weighted average number of shares outstanding — basic and diluted	12,763,243	8,593,143	6,877,669

See accompanying notes.

**Triangle Capital Corporation**  
**Statements of Changes in Net Assets**

	Common Stock			Investment	Accumulated	Net	Total
	Number	Par	Additional	Income	Realized	Unrealized	Net
	of Shares	Value	Paid In	in Excess of	Gains	Appreciation	Assets
			Capital	(Less Than)	(Losses) on	(Depreciation)	
				Distributions	Investments	of Investments	
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	—	—	—	10,622,278	—	—	10,622,278
Stock-based compensation	—	—	275,311	—	—	—	275,311
Realized gain (loss) on investments	—	—	—	—	1,435,608	(1,269,437)	166,171
Net unrealized losses on investments	—	—	—	—	—	(3,016,938)	(3,016,938)
Provision for taxes	—	—	—	(133,010)	—	—	(133,010)
Return of capital and other tax related adjustments	—	—	612,399	(151,906)	(460,493)	—	—
Dividends declared	—	—	—	(9,961,002)	—	—	(9,961,002)
Issuance of restricted stock	113,500	113	(113)	—	—	—	—
Balance, December 31, 2008	6,917,363	\$ 6,917	\$ 87,836,786	\$ 2,115,157	\$ 356,495	\$ 1,109,808	\$ 91,425,163
Net investment income	—	—	—	14,048,574	—	—	14,048,574
Stock-based compensation	—	—	701,601	—	—	—	701,601
Realized gain (loss) on investments	—	—	—	—	448,164	(157,316)	290,848
Net unrealized losses on investments	—	—	—	—	—	(10,152,878)	(10,152,878)
Provision for taxes	—	—	—	(149,841)	—	—	(149,841)
Return of capital and other tax related adjustments	—	—	(29,996)	34,125	(4,129)	—	—
Dividends/distributions declared	80,569	81	999,791	(14,977,563)	(352,366)	—	(14,330,057)
Public offerings of common stock	4,569,000	4,569	47,328,113	—	—	—	47,332,682
Issuance of restricted stock	144,812	145	(145)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(6,533)	(6)	(66,894)	—	—	—	(66,900)
Forfeiture of restricted stock	(2,700)	(3)	3	—	—	—	—
Balance, December 31, 2009	11,702,511	\$11,703	\$136,769,259	\$ 1,070,452	\$ 448,164	\$ (9,200,386)	\$129,099,192
Net investment income	—	—	—	20,149,473	—	—	20,149,473
Stock-based compensation	—	—	1,151,576	—	—	—	1,151,576
Realized gain (loss) on investments	—	—	—	—	(5,478,873)	6,423,467	944,594
Net unrealized gains on investments	—	—	—	—	—	4,517,222	4,517,222
Provision for taxes	—	—	—	(220,740)	—	—	(220,740)
Return of capital and other tax related adjustments	—	—	(171,918)	3,385,585	(3,213,667)	—	—
Dividends/distributions declared	332,149	332	4,878,676	(21,019,222)	—	—	(16,140,214)
Public offerings of common stock	2,760,000	2,760	41,210,208	—	—	—	41,212,968
Issuance of restricted stock	152,944	153	(153)	—	—	—	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(18,617)	(19)	(234,893)	—	—	—	(234,912)
Balance, December 31, 2010	14,928,987	\$14,929	\$183,602,755	\$ 3,365,548	\$ (8,244,376)	\$ 1,740,303	\$180,479,159

See accompanying notes.

**Triangle Capital Corporation**  
**Consolidated Statements of Cash Flows**

	Years Ended December 31,		
	2010	2009	2008
Cash flows from operating activities:			
Net increase in net assets resulting from operations	\$ 25,390,549	\$ 4,036,703	\$ 7,638,501
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:			
Purchases of portfolio investments	(173,581,930)	(48,475,570)	(93,054,022)
Repayments received/sales of portfolio investments	54,914,835	21,431,698	20,968,397
Loan origination and other fees received	3,351,568	952,500	1,686,996
Net realized (gain) loss on investments	5,478,873	(448,164)	(1,435,608)
Net unrealized (appreciation) depreciation on investments	(10,572,009)	10,576,873	3,516,855
Deferred income taxes	(368,680)	(266,680)	769,519
Paid-in-kind interest accrued, net of payments received	(2,269,307)	(2,165,015)	(1,783,288)
Amortization of deferred financing fees	796,994	363,818	255,273
Accretion of loan origination and other fees	(1,268,839)	(663,506)	(515,289)
Accretion of loan discounts	(701,268)	(421,495)	(169,548)
Accretion of discount on SBA guaranteed debentures payable	50,948	—	—
Depreciation expense	19,554	22,548	16,681
Stock-based compensation	1,151,576	701,601	275,311
Changes in operating assets and liabilities:			
Interest and fees receivable	(215,212)	2,867	(374,669)
Prepaid expenses	167,639	(191,465)	(47,848)
Accounts payable and accrued liabilities	46,721	613,268	464,687
Interest payable	54,553	452,191	1,183,026
Deferred revenue	(37,500)	75,000	—
Taxes payable	138,801	28,742	(22,162)
Net cash used in operating activities	(97,452,134)	(13,374,086)	(60,627,188)
Cash flows from investing activities:			
Purchases of property and equipment	(38,535)	(3,194)	(30,535)
Net cash used in investing activities	(38,535)	(3,194)	(30,535)
Cash flows from financing activities:			
Borrowings under SBA guaranteed debentures payable	102,803,918	6,800,000	78,100,000
Repayments of SBA guaranteed debentures payable	(22,300,000)	—	—
Financing fees paid	(3,456,756)	(358,900)	(2,801,524)
Proceeds from public stock offerings, net of expenses	41,212,968	47,332,682	—
Common stock withheld for payroll taxes upon vesting of restricted stock	(234,912)	(66,900)	—
Cash dividends paid	(20,466,584)	(11,970,102)	(9,235,216)
Cash distributions paid	(448,164)	(352,366)	—
Net cash provided by financing activities	97,110,470	41,384,414	66,063,260
Net increase (decrease) in cash and cash equivalents	(380,199)	28,007,134	5,405,537
Cash and cash equivalents, beginning of year	55,200,421	27,193,287	21,787,750
Cash and cash equivalents, end of year	\$ 54,820,222	\$ 55,200,421	\$ 27,193,287
Supplemental Disclosure of cash flow information:			
Cash paid for interest	\$ 7,244,511	\$ 6,448,400	\$ 3,044,825
Summary of non-cash financing transactions:			
Dividends declared but not paid	\$ —	\$ 4,774,534	\$ 2,766,945

See accompanying notes.

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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments**  
**December 31, 2010**

<b>Portfolio Company</b>	<b>Industry</b>	<b>Type of Investment(1) (2)</b>	<b>Principal Amount</b>	<b>Cost</b>	<b>Fair Value(3)</b>
<i>Non—Control / Non—Affiliate Investments:</i>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (3%)*	Specialty Trade Contractors	Subordinated Note-AA (15% Cash, 3% PIK, Due 06/13)	\$ 4,325,151	\$ 4,287,109	\$ 4,287,109
		Common Stock-PHM (128,571 shares)		128,571	68,500
		Common Stock Warrants-AA (455 shares)		142,361	852,000
			4,325,151	4,558,041	5,207,609
Ann's House of Nuts, Inc. (5%)*	Trail Mixes and Nut Producers	Subordinated Note (12% Cash, 1% PIK, Due 11/17)	7,009,722	6,603,828	6,603,828
		Preferred A Units (22,368 units)		2,124,957	2,124,957
		Preferred B Units (10,380 units)		986,059	986,059
		Common Units (190,935 units)		150,000	150,000
		Common Stock Warrants (14,558 shares)		14,558	14,558
			7,009,722	9,879,402	9,879,402
Assurance Operations Corporation (0%)*	Metal Fabrication	Common Stock (517 Shares)		516,867	528,900
				516,867	528,900
Botanical Laboratories, Inc. (5%)*	Nutritional Supplement Manufacturing and Distribution	Senior Notes (14% Cash, Due 02/15)	10,500,000	9,843,861	9,843,861
		Common Unit Warrants (998,680)	—	474,600	—
			10,500,000	10,318,461	9,843,861
Capital Contractors, Inc. (5%)*	Janitorial and Facilities Maintenance Services	Subordinated Notes (12% Cash, 2% PIK, Due 12/15)	9,001,001	8,329,001	8,329,001
		Common Stock Warrants (20 shares)		492,000	492,000
			9,001,001	8,821,001	8,821,001
Carolina Beer and Beverage, LLC (8%)*	Beverage Manufacturing and Packaging	Subordinated Note (12% Cash, 4% PIK, Due 02/16)	12,865,233	12,622,521	12,622,521
		Class A Units (11,974 Units)		1,077,615	1,077,615
		Class B Units (11,974 Units)		119,735	119,735
			12,865,233	13,819,871	13,819,871
CRS Reprocessing, LLC (8%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/15)	11,129,470	10,706,406	10,706,406
		Subordinated Note (10% Cash, 4% PIK, Due 11/15)	3,403,211	3,052,570	3,052,570
		Common Unit Warrant (340 Units)		564,454	1,043,000
			14,532,681	14,323,430	14,801,976

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
CV Holdings, LLC (6%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13) Royalty rights	\$ 11,685,326 11,685,326	\$ 11,042,011 874,400 11,916,411	\$ 11,042,011 622,500 11,664,511
Electronic Systems Protection, Inc. (2%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15) Senior Note (8.3% Cash, Due 01/14) Common Stock (570 shares)	3,183,802 835,261 4,019,063	3,162,604 835,261 285,000 4,282,865	3,162,604 835,261 110,000 4,107,865
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833 4,833	414,100 414,100
Frozen Specialties, Inc. (4%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	8,060,481 8,060,481	7,945,904 7,945,904	7,945,904 7,945,904
Garden Fresh Restaurant Corp. (0%)*	Restaurant	Membership Units (5,000 units)		500,000 500,000	723,800 723,800
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (0.69% PIK, Due 08/11) Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11) Royalty rights Common Stock Warrants (56,559 shares)	3,799,359 137,233 — 3,936,592	3,161,442 120,000 — 3,364,856	2,156,500 120,000 112,100 2,388,600
Great Expressions Group Holdings, LLC (3%)*	Dental Practice Management	Subordinated Note (12% Cash, 4% PIK, Due 08/15) Class A Units (225 Units)	4,561,311 4,561,311	4,498,589 450,000 4,948,589	4,498,589 678,400 5,176,989
Grindmaster-Cecilware Corp. (3%)*	Food Services Equipment Manufacturer	Subordinated Note (12% Cash, 4.5% PIK, Due 04/16)	5,995,035 5,995,035	5,900,500 5,900,500	5,900,500 5,900,500
Hatch Chile Co., LLC (3%)*	Food Products Distributor	Senior Note (19% Cash, Due 07/15) Subordinated Note (14% Cash, Due 07/15) Unit Purchase Warrant (5,265 Units)	4,500,000 1,000,000 5,500,000	4,394,652 837,779 149,800 5,382,231	4,394,652 837,779 149,800 5,382,231

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

<u>Portfolio Company</u>	<u>Industry</u>	<u>Type of Investment(1)</u> <u>(2)</u>	<u>Principal Amount</u>	<u>Cost</u>	<u>Fair Value(3)</u>
Infrastructure Corporation of America, Inc. (6%)*	Roadway Maintenance, Repair and Engineering Services	Subordinated Note (12% Cash, 1% PIK, Due 10/15) Common Stock Purchase Warrant (199,526 shares)	\$ 10,769,120	\$ 9,566,843	\$ 9,566,843
				980,000	980,000
			10,769,120	10,546,843	10,546,843
Inland Pipe Rehabilitation Holding Company LLC (10%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14) Subordinated Note (18% Cash, Due 01/14) Subordinated Note (15% Cash, Due 01/14) Subordinated Note (15.3% Cash, Due 01/14) Membership Interest Purchase Warrant (3.0%)	8,274,920 3,905,108 306,302 3,500,000	7,621,285 3,861,073 306,302 3,465,000	7,621,285 3,861,073 306,302 3,465,000
			15,986,330	853,500	2,982,600
				16,107,160	18,236,260
Library Systems & Services, LLC (3%)*	Municipal Business Services	Subordinated Note (12.5% Cash, 4.5% PIK, Due 06/15) Common Stock Warrants (112 shares)	5,250,000	5,104,255	5,104,255
			5,250,000	58,995	535,000
				5,163,250	5,639,255
McKenzie Sports Products, LLC (3%)*	Taxidermy Manufacturer	Subordinated Note (13% Cash, 1% PIK, Due 10/17)	6,010,667	5,893,359	5,893,359
			6,010,667	5,893,359	5,893,359
Media Temple, Inc. (7%)*	Web Hosting Services	Subordinated Note (12% Cash, 4% PIK, Due 04/15) Convertible Note (8% Cash, 4% PIK, Due 04/15) Common Stock Purchase Warrant (28,000 Shares)	8,800,000 3,200,000	8,624,776 2,668,581	8,624,776 2,668,581
			12,000,000	536,000	536,000
				11,829,357	11,829,357
Minco Technology Labs, LLC (3%)*	Semiconductor Distribution	Subordinated Note (13% Cash, 3.25% PIK, Due 05/16) Class A Units (5,000 Units)	5,102,216	4,984,368	4,984,368
			5,102,216	500,000	296,800
				5,484,368	5,281,168
Novolyte Technologies, Inc. (5%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15) Preferred Units (641 units) Common Units (24,522 units)	7,785,733	7,686,662	7,686,662
			7,785,733	640,818	664,600
				160,204	370,200
				8,487,684	8,721,462
SRC, Inc. (5%)*	Specialty Chemical Manufacturer	Subordinated Notes (12% Cash, 2% PIK, Due 09/14) Common Stock Purchase Warrants	9,001,000	8,697,200	8,697,200
			9,001,000	123,800	123,800
				8,821,000	8,821,000

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Syrgis Holdings, Inc. (2%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14) Class C Units (2,114 units)	\$ 2,873,393	\$ 2,858,198 1,000,000	\$ 2,858,198 962,200
			2,873,393	3,858,198	3,820,398
TBG Anesthesia Management, LLC (6%)*	Physician Management Services	Senior Note (13.5% Cash, Due 11/14) Warrant (263 shares)	11,000,000	10,612,766 276,100	10,612,766 165,000
			11,000,000	10,888,866	10,777,766
Top Knobs USA, Inc. (6%)	Hardware Designer and Distributor	Subordinated Note (12% Cash, 4.5% PIK, Due 05/17) Common Stock (26,593 shares)	9,910,331	9,713,331 750,000	9,713,331 750,000
			9,910,331	10,463,331	10,463,331
TrustHouse Services Group, Inc. (3%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (1,495 units) Class B Units (79 units)	4,440,543	4,381,604 475,000 25,000	4,381,604 492,900 —
			4,440,543	4,881,604	4,874,504
Tulsa Inspection Resources, Inc. (3%)*	Pipeline Inspection Services	Subordinated Note (14%-17.5% Cash, Due 03/14) Common Unit (1 unit) Common Stock Warrants (8 shares)	5,810,588	5,490,797 200,000 321,000	5,490,797 — —
			5,810,588	6,011,797	5,490,797
Twin-Star International, Inc. (3%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 1% PIK, Due 04/14) Senior Note (4.53%, Due 04/13)	4,500,000	4,462,290 1,088,962	4,462,290 1,088,962
			5,588,962	5,551,252	5,551,252
Wholesale Floors, Inc. (1%)*	Commercial Services	Subordinated Note (12.5% Cash, 1.5% PIK, Due 06/14) Membership Interest Purchase Warrant (4.0%)	3,739,639	3,387,525 132,800	2,632,100 —
			3,739,639	3,520,325	2,632,100
Yellowstone Landscape Group, Inc. (7%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	12,438,838	12,250,147	12,250,147
			12,438,838	12,250,147	12,250,147
Zoom Systems (4%)*	Retail Kiosk Operator	Subordinated Note (12.5% Cash, 1.5% PIK, Due 12/14) Royalty rights	8,125,222	7,956,025 —	7,956,025 —
			8,125,222	7,956,025	7,956,025
Subtotal Non-Control / Non-Affiliate Investments			237,824,178	244,197,828	245,392,144

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
<i>Affiliate Investments:</i>					
American De-Rosa Lamparts, LLC and Hallmark Lighting (2%)*	Wholesale and Distribution	Subordinated Note (5% PIK, Due 10/13)	\$ 5,475,141	\$ 5,153,341	\$ 3,985,700
		Membership Units (6,516 Units)		350,000	—
			5,475,141	5,503,341	3,985,700
AP Services, Inc. (4%)*	Fluid Sealing Supplies and Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15)	5,834,877	5,723,194	5,723,194
		Class A Units (933 units)		933,333	933,333
		Class B Units (496 units)		—	—
			5,834,877	6,656,527	6,656,527
Asset Point, LLC (3%)*	Asset Management Software Provider	Senior Note (12% Cash, 5% PIK, Due 03/13)	5,756,261	5,703,925	5,384,500
		Senior Note (12% Cash, 2% PIK, Due 07/15)	605,185	605,185	478,100
		Options to Purchase Membership Units (342,407 units)		500,000	—
		Membership Unit Warrants (356,506 units)		—	—
			6,361,446	6,809,110	5,862,600
Axxiom Manufacturing, Inc. (1%)*	Industrial Equipment Manufacturer	Common Stock (136,400 shares)		200,000	978,700
		Common Stock Warrant (4,000 shares)		—	28,700
				200,000	1,007,400
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street")(4)(2%)*	Oil and Gas Services	Subordinated Note-Brantley Transportation (14% Cash, Due 12/12)	3,800,000	3,738,821	3,546,600
		Common Unit Warrants-Brantley Transportation (4,560 common units)		33,600	—
		Preferred Units-Pine Street (200 units)		200,000	—
		Common Unit Warrants-Pine Street (2,220 units)		—	—
			3,800,000	3,972,421	3,546,600
Dyson Corporation (1%)*	Custom Forging and Fastener Supplies	Class A Units (1,000,000 units)		1,000,000	2,476,000
				1,000,000	2,476,000
Equisales, LLC (4%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12)	6,000,000	5,959,983	5,959,983
		Class A Units (500,000 units)		480,900	569,300
			6,000,000	6,440,883	6,529,283
Plantation Products, LLC (8%)*	Seed Manufacturing	Subordinated Notes (13% Cash, 4.5% PIK, Due 06/16)	14,527,188	14,164,688	14,164,688
		Preferred Units (1,127 units)		1,127,000	1,127,000
		Common Units (92,000 units)		23,000	23,000
			14,527,188	15,314,688	15,314,688



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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
QC Holdings, Inc. (0%)*	Lab Testing Services	Common Stock (5,594 shares)	\$	\$ 563,602	\$ 505,500
				563,602	505,500
Technology Crops International (3%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,333,595	5,250,980	5,250,980
				500,000	612,200
			5,333,595	5,750,980	5,863,180
Waste Recyclers Holdings, LLC (2%)*	Environmental and Facilities Services	Class A Preferred Units (280 Units) Class B Preferred Units (985,372 Units) Class C Preferred Units (1,444,475 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)		2,251,100	—
				3,304,218	2,384,100
				1,499,531	1,530,300
				748,900	—
				180,783	—
				7,984,532	3,914,400
			47,332,247	60,196,084	55,661,878
Subtotal Affiliate Investments					
Control Investments:					
FCL Graphics, Inc. (1%)*	Commercial Printing Services	Senior Note (3.76% Cash, 2% PIK, Due 9/11)	1,500,498	1,497,934	1,465,400
		Senior Note (7.79% Cash, 2% PIK, Due 9/11)	2,045,228	2,041,167	1,081,100
		2nd Lien Note (2.79% Cash, 8% PIK, Due 12/11)	3,470,254	2,996,287	—
		Preferred Shares (35,000 shares)		—	—
		Common Shares (4,000 shares)		—	—
		Members Interests (3,839 Units)		—	—
			7,015,980	6,535,388	2,546,500
Fire Sprinkler Systems, Inc. (0%)*	Specialty Trade Contractors	Subordinated Notes (2% PIK, Due 04/11) Common Stock (2,978 shares)	3,065,981	2,626,072	750,000
				294,624	—
			3,065,981	2,920,696	750,000
Fischbein, LLC (11%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (13% Cash, 5.5% PIK, Due 05/13) Class A-1 Common Units (558,140 units) Class A Common Units (4,200,000 units)	4,345,573	4,268,333	4,268,333
				558,140	2,200,600
				4,200,000	13,649,600
			4,345,573	9,026,473	20,118,533
Weave Textiles, LLC (1%)*	Specialty Woven Fabrics Manufacturer	Senior Note (12% PIK, Due 01/11) Membership Units (425 units)	310,238	310,238	310,238
				855,000	1,211,300
			310,238	1,165,238	1,521,538
Subtotal Control Investments			14,737,772	19,647,795	24,936,571
Total Investments, December 31, 2010(181%)*			299,894,197	324,041,707	325,990,593

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non-income producing.
- (2) Disclosures of interest rates on subordinated notes include cash interest rates and paid-in-kind ("PIK") interest rates.
- (3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.
- (4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

*See accompanying notes.*

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**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments**  
**December 31, 2009**

Portfolio Company	Industry	Type of Investment(1)(2)	Principal Amount	Cost	Fair Value(3)
<i>Non — Control / Non — Affiliate Investments:</i>					
Ambient Air Corporation ("AA") and Peaden-Hobbs Mechanical, LLC ("PHM") (5%)*	Specialty Trade Contractors	Subordinated Note-AA (12% Cash, 2% PIK, Due 03/11)	\$ 3,236,386	\$ 3,173,098	\$ 3,173,098
		Subordinated Note-AA (14% Cash, 4% PIK, Due 03/11)	1,982,791	1,965,757	1,965,757
		Common Stock-PHM (128,571 shares)		128,571	106,900
		Common Stock Warrants-AA (455 shares)		142,361	656,700
			5,219,177	5,409,787	5,902,455
American De-Rosa Lamparts, LLC and Hallmark Lighting (3%)*	Wholesale and Distribution	Subordinated Note (11.5% Cash, 3.75% PIK, Due 10/13)	8,861,819	8,244,709	3,893,299
			8,861,819	8,244,709	3,893,299
American Direct Marketing Resources, LLC (3%)*	Direct Marketing Services	Subordinated Note (12% Cash, 3% PIK, Due 03/15)	4,157,458	4,088,475	4,088,475
			4,157,458	4,088,475	4,088,475
Art Headquarters, LLC (2%)*	Retail, Wholesale and Distribution	Subordinated Note (12% Cash, 2% PIK, Due 01/10)	2,116,822	2,116,822	2,116,822
		Membership unit warrants (15% of units (150 units))		40,800	220,000
			2,116,822	2,157,622	2,336,822
Assurance Operations Corporation (2%)*	Auto Components /Metal Fabrication	Senior Note (6% Cash, Due 06/11)	2,484,000	2,034,000	2,034,000
		Common Stock (300 shares)		300,000	—
			2,484,000	2,334,000	2,034,000
CRS Reprocessing, LLC (2%)*	Fluid Reprocessing Services	Subordinated Note (12% Cash, 2% PIK, Due 11/14)	3,005,333	2,929,233	2,929,233
		Common Unit Warrant (107 Units)		23,600	23,600
			3,005,333	2,952,833	2,952,833
CV Holdings, LLC (9%)*	Specialty Healthcare Products Manufacturer	Subordinated Note (12% Cash, 4% PIK, Due 09/13)	11,221,670	10,391,652	10,391,652
		Royalty rights		874,400	949,300
			11,221,670	11,266,052	11,340,952
Electronic Systems Protection, Inc. (3%)*	Power Protection Systems Manufacturing	Subordinated Note (12% Cash, 2% PIK, Due 12/15)	3,120,913	3,096,783	2,869,000
		Senior Note (8.3% Cash, Due 01/14)	895,953	895,953	895,953
		Common Stock (500 shares)		285,000	31,300
			4,016,866	4,277,736	3,796,253
Energy Hardware Holdings, LLC (0%)*	Machined Parts Distribution	Voting Units (4,833 units)		4,833	572,300
				4,833	572,300
Fire Sprinkler Systems, Inc. (1%)*	Specialty Trade Contractors	Subordinated Notes (11%-12.5% PIK, Due 04/11)	2,765,917	2,369,744	750,000
		Common Stock (295 shares)		294,624	—
			2,765,917	2,664,368	750,000

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Frozen Specialties, Inc. (6%)*	Frozen Foods Manufacturer	Subordinated Note (13% Cash, 5% PIK, Due 07/14)	7,662,863	7,523,924	7,523,924
			7,662,863	7,523,924	7,523,924
Garden Fresh Restaurant Corp. (3%)*	Restaurant	2nd Lien Note (7.8% Cash, Due 12/11)	3,000,000	3,000,000	3,000,000
		Membership Units (5,000 units)		500,000	811,300
			3,000,000	3,500,000	3,811,300
Gerli & Company (1%)*	Specialty Woven Fabrics Manufacturer	Subordinated Note (0.69% PIK, Due 08/11)	3,630,774	3,124,893	1,442,000
		Subordinated Note (6.25% Cash, 11.75% PIK, Due 08/11)	122,389	120,000	120,000
		Common Stock Warrants (56,559 shares)		83,414	—
			3,753,163	3,328,307	1,562,000
Grindmaster-Cecilware Corp. (4%)*	Food Services Equipment Manufacturer	Subordinated Note (11% Cash, 3% PIK, Due 03/15)	5,800,791	5,689,665	5,689,665
			5,800,791	5,689,665	5,689,665
Inland Pipe Rehabilitation Holding Company LLC (11%)*	Cleaning and Repair Services	Subordinated Note (14% Cash, Due 01/14)	8,108,641	7,279,341	7,279,341
		Subordinated Note (18% Cash, Due 01/14)	3,750,000	3,699,679	3,699,679
		Membership Interest Purchase Warrant (2.9%)		853,500	3,742,900
			11,858,641	11,832,520	14,721,920
Jenkins Service, LLC (7%)*	Restoration Services	Subordinated Note (10.25% Cash, 7.25% PIK, Due 04/14)	7,515,221	7,392,334	7,392,334
		Convertible Note (10%, Due 04/14)	1,375,000	1,342,799	1,342,799
			8,890,221	8,735,133	8,735,133
Library Systems & Services, LLC (2%)*	Municipal Business Services	Subordinated Note (12% Cash, Due 03/11)	1,000,000	972,768	972,768
		Common Stock Warrants (112 shares)		58,995	1,242,800
			1,000,000	1,031,763	2,215,568
Novolyte Technologies, Inc. (6%)*	Specialty Manufacturing	Subordinated Note (12% Cash, 5.5% PIK, Due 04/15)	7,366,289	7,230,970	7,230,970
		Preferred Units (600 units)		600,000	545,900
		Common Units (22,960 units)		150,000	—
			7,366,289	7,980,970	7,776,870
Syrgis Holdings, Inc. (3%)*	Specialty Chemical Manufacturer	Senior Notes (7.75%-10.75% Cash, Due 08/12-02/14)	3,337,740	3,314,933	3,314,933
		Common Units (2,114 units)		1,000,000	447,800
			3,337,740	4,314,933	3,762,733

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
TBG Anesthesia Management, LLC (6%)*	Physician Management Services	Senior Note (14% Cash, Due 11/14) Warrant (263 shares)	\$ 8,000,000 8,000,000	\$ 7,579,320 276,100 7,855,420	\$ 7,579,320 276,100 7,855,420
TrustHouse Services Group, Inc. (4%)*	Food Management Services	Subordinated Note (12% Cash, 2% PIK, Due 09/15) Class A Units (1,495 units) Class B Units (79 units)	4,351,628  4,351,628	4,282,621 475,000 25,000 4,782,621	4,282,621 409,700 — 4,692,321
Tulsa Inspection Resources, Inc. ("TIR") and Regent TIR Partners, LLC ("RTIR") (4%)*	Pipeline Inspection Services	Subordinated Note (14% Cash, Due 03/14) Common Units — RTIR (11 units) Common Stock Warrants - TIR (7 shares)	5,000,000  5,000,000	4,625,242 200,000 321,000 5,146,242	4,625,242 8,000 34,700 4,667,942
Twin-Star International, Inc. (4%)*	Consumer Home Furnishings Manufacturer	Subordinated Note (12% Cash, 3% PIK, Due 04/14) Senior Note (4.29%, Due 04/13)	4,500,000 1,287,564 5,787,564	4,450,037 1,287,564 5,737,601	4,168,000 1,145,000 5,313,000
Wholesale Floors, Inc. (3%)*	Commercial Services	Subordinated Note (12.5% Cash, 1.5% PIK, Due 06/14) Membership Interest Purchase Warrant (4.0%)	3,500,000 3,500,000	3,363,335 132,800 3,496,135	3,363,335 39,800 3,403,135
Yellowstone Landscape Group, Inc. (9%)*	Landscaping Services	Subordinated Note (12% Cash, 3% PIK, Due 04/14)	11,294,699 11,294,699	11,080,907 11,080,907	11,080,907 11,080,907
Zoom Systems (6%)*	Retail Kiosk Operator	Subordinated Note (12.5 Cash, 1.5% PIK, Due 12/14) Royalty rights	8,002,667 8,002,667	7,802,667 — 7,802,667	7,802,667 — 7,802,667
Subtotal Non — Control / Non — Affiliate Investments			142,455,328	143,239,223	138,281,894
<b>Affiliate Investments:</b>					
Asset Point, LLC (4%)*	Asset Management Software Provider	Subordinated Note (12% Cash, 7% PIK, Due 03/13) Membership Units (10 units)	5,417,830 5,417,830	5,346,346 500,000 5,846,346	5,346,346 173,600 5,519,946
Axxiom Manufacturing, Inc. (0%)*	Industrial Equipment Manufacturer	Common Stock (34,100 shares) Common Stock Warrant (1,000 shares)	  	200,000 — 200,000	542,400 14,000 556,400

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

Portfolio Company	Industry	Type of Investment(1) (2)	Principal Amount	Cost	Fair Value(3)
Brantley Transportation, LLC ("Brantley Transportation") and Pine Street Holdings, LLC ("Pine Street")(4) (1%)*	Oil and Gas Services	Subordinated Note — Brantley Transportation (14% Cash, Due 12/12) 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	\$ 3,713,247	\$ 1,400,000
				33,600	—
				200,000	—
				—	—
			3,800,000	3,946,847	1,400,000
Dyson Corporation (10%)*	Custom Forging and Fastener Supplies	Subordinated Note (12% Cash, 3% PIK, Due 12/13) Class A Units (1,000,000 units)	10,000,000	9,833,080	9,833,080
				1,000,000	2,634,700
			10,000,000	10,833,080	12,467,780
Equisales, LLC (6%)*	Energy Products and Services	Subordinated Note (13% Cash, 4% PIK, Due 04/12) Class A Units (500,000 units)	6,547,511	6,479,476	6,479,476
				500,000	1,375,700
			6,547,511	6,979,476	7,855,176
Flint Acquisition Corporation (2%)*	Specialty Chemical Manufacturer	Preferred Stock (9,875 shares)		308,333	2,571,600
				308,333	2,571,600
Genapure Corporation (0%)*	Lab Testing Services	Genapure Common Stock (5,594 shares)		563,602	641,300
				563,602	641,300
Technology Crops International (4%)*	Supply Chain Management Services	Subordinated Note (12% Cash, 5% PIK, Due 03/15) Common Units (50 Units)	5,070,492	4,973,767	4,973,767
				500,000	500,000
			5,070,492	5,473,767	5,473,767
Waste Recyclers Holdings, LLC (7%)*	Environmental and Facilities Services	Subordinated Note (8% Cash, 7.5% PIK, Due 08/13) Subordinated Note (3% Cash, 12.5% PIK, Due 08/13) Class A Preferred Units (300 Units) Class B Preferred Units (886,835 Units) Common Unit Purchase Warrant (1,170,083 Units) Common Units (153,219 Units)	4,116,978	4,048,936	4,048,936
			5,734,318	5,666,275	4,920,000
				2,251,100	—
				886,835	281,000
				748,900	—
				180,783	—
			9,851,296	13,782,829	9,249,936
Subtotal Affiliate Investments			40,687,129	47,934,280	45,735,905
<i>Control Investments:</i>					
FCL Graphics, Inc. (3%)*	Commercial Printing Services	Senior Note (3.76% Cash, 2% PIK, Due 9/11) Senior Note (7.76% Cash, 2% PIK, Due 9/11) 2nd Lien Note (2.76% Cash, 8% PIK, Due 12/11) Preferred Shares (35,000 shares) Common Shares (4,000 shares) Members Interests (3,839 Units)	1,562,891	1,558,472	1,514,200
			2,005,114	1,999,592	1,943,800
			3,200,672	2,994,352	823,000
				—	—
				—	—
				—	—
			6,768,677	6,552,416	4,281,000

**TRIANGLE CAPITAL CORPORATION**  
**Consolidated Schedule of Investments — (Continued)**

<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>
Fischbein, LLC (10%)*	Packaging and Materials Handling Equipment Manufacturer	Subordinated Note (12% Cash, 6.5% PIK, Due 05/13)	7,595,671	7,490,171	7,490,171
		Class A-1 Common Units (52.5% of Units)		525,000	1,122,300
		Class A Common Units (4,200,000 units)		<u>4,200,000</u>	<u>4,406,700</u>
			<u>7,595,671</u>	<u>12,215,171</u>	<u>13,019,171</u>
Subtotal Control Investments			<u>14,364,348</u>	<u>18,767,587</u>	<u>17,300,171</u>
Total Investments, December 31, 2009(156%)*			<u>\$ 197,506,805</u>	<u>\$ 209,941,090</u>	<u>\$ 201,317,970</u>

\* Value as a percent of net assets

- (1) All debt investments are income producing. Common stock, preferred stock and all warrants are non — income producing.
- (2) Disclosures of interest rates on Subordinated Notes include cash interest rates and paid — in — kind (“PIK”) interest rates.
- (3) All investments are restricted as to resale and were valued at fair value as determined in good faith by the Board of Directors.
- (4) Pine Street Holdings, LLC is the majority owner of Brantley Transportation, LLC and its sole business purpose is its ownership of Brantley Transportation, LLC.

See accompanying notes.

**Triangle Capital Corporation**  
**Notes to Financial Statements**

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

**Organization**

Triangle Capital Corporation (the “Company”), incorporated 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 “IPO”) and thereafter operating as an internally managed Business Development Company (“BDC”) under the Investment Company Act of 1940 (the “1940 Act”). On December 15, 2009, Triangle Mezzanine Fund II, LP (“Fund II”) was organized as a limited partnership under the laws of the State of Delaware and received its SBIC license on May 26, 2010. Unless otherwise noted, the terms “its” or “the Company” refer to the Fund prior to the IPO and to Triangle Capital Corporation and its subsidiaries, including the Fund and Fund II, after the IPO.

The Fund and Fund II are specialty finance limited liability partnerships formed to make investments primarily in middle market companies located throughout the United States. 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 SBICs, both the Fund and Fund II are subject to a variety of regulations concerning, among other things, the size and nature of the companies in which they may invest and the structure of those investments.

On February 21, 2007, concurrent with the closing of the IPO, 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 SBIC and continues to hold its existing investments and make new investments with the proceeds of the IPO; 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 IPO 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 IPO, the Company had 6,686,760 common shares outstanding.

As a result of completion of the IPO 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 under the supervision of its board of directors. The Company does not pay management or advisory fees, but instead incurs the operating costs associated with employing executive management and investment and portfolio management professionals.



**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

**Basis of Presentation**

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

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). 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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 805, *Business Combinations* (formerly Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations* ("SFAS 141")), the Company's financial highlights for the year ended December 31, 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.

**Significant Accounting Policies**

***Use of Estimates***

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

***Valuation of Investments***

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

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

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

*Level 3* - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company's investment portfolio is comprised of debt and equity instruments of privately held companies for which quoted prices falling within the categories of Level 1 and Level 2 inputs are not available. Therefore, the Company values all of its investments at fair value, as determined in good faith by the Board of

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

Directors (Level 3 inputs, as further described below). Due to the inherent uncertainty in the valuation process, the Board of Directors' estimate of fair value may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. In addition, changes in the market environment and other events that may occur over the life of the investments may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned.

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

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

In making the good faith determination of the value of debt securities, the Company starts with the cost basis of the security, which includes the amortized original issue discount, and payment-in-kind (PIK) interest, if any. The Company also uses a risk rating system to estimate the probability of default on the debt securities and the probability of loss if there is a default. The risk rating system covers both qualitative and quantitative aspects of the business and the securities held. In valuing debt securities, management utilizes an "income approach" model that considers factors including, but not limited to, (i) the portfolio investment's current risk rating, (ii) the portfolio company's current trailing twelve months' ("TTM") results of operations as compared to the portfolio company's TTM results of operations as of the date the investment was made and the portfolio company's anticipated results for the next twelve months of operations, (iii) the portfolio company's current leverage as compared to its leverage as of the date the investment was made, and (iv) publicly available information regarding current pricing and credit metrics for similar proposed and executed investment transactions of private companies and, (v) when management believes a relevant comparison exists, current pricing and credit metrics for similar proposed and executed investment transactions of publicly traded debt.

In valuing equity securities of private companies, the Company considers valuation methodologies consistent with industry practice, including but not limited to (i) valuation using a valuation model based on original transaction multiples and the portfolio company's recent financial performance, (ii) publicly available information regarding the valuation of the securities based on recent sales in comparable transactions of private companies and, (iii) when management believes there are comparable companies that are publicly traded, a review of these publicly traded companies and the market multiple of their equity securities.

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

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**Notes to Financial Statements — (Continued)**

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

<b>For the Quarter Ended:</b>	<b>Total Companies</b>	<b>Percent of Total Investments at Fair Value(1)</b>
March 31, 2008	6	35%
June 30, 2008	5	18%
September 30, 2008	8	29%
December 31, 2008	8	34%
March 31, 2009	7	26%
June 30, 2009	6	20%
September 30, 2009	7	24%
December 31, 2009	8	40%
March 31, 2010	7	25%
June 30, 2010	8	29%
September 30, 2010	8	26%
December 31, 2010	9	29%

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

Upon completion of the procedures, Duff & Phelps concluded that the fair value, as determined by the Board of Directors, of those investments subjected to the procedures did not appear to be unreasonable. The Board of Directors of Triangle Capital Corporation is ultimately and solely responsible for determining the fair value of the Company's investments in good faith.

#### **Warrants**

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

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

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

#### **Investment Classification**

In accordance with the provisions of the 1940 Act, the Company classifies investments by level of control. As defined in the 1940 Act, "Control Investments" are investments in those companies that the Company is deemed to "Control." "Affiliate Investments" are investments in those companies that are "Affiliated Companies" of the

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

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.

***Cash and Cash Equivalents***

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

***Deferred Financing Fees***

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

***Depreciation***

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

***Investment Income***

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

***Payment in Kind Interest***

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

To maintain the Company’s status as a Regulated Investment Company, this non-cash source of income must be paid out to stockholders in the form of dividends, even though the Company has not yet collected the cash. Generally, when current cash interest and/or principal payments on a loan become past due, or if the Company otherwise does not expect the borrower to be able to service its debt and other obligations, the Company will place the loan on non-accrual status and will generally cease recognizing PIK interest income on that loan for financial reporting purposes until all principal and interest has been brought current through

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

payment or due to a restructuring such that the interest income is deemed to be collectible. The Company writes off any accrued and uncollected PIK interest when it is determined that the PIK interest is no longer collectible.

***Fee Income***

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

***Income Taxes***

The Company has elected to be treated as a Regulated Investment Company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a RIC, so long as the Company meets certain minimum distribution, source-of-income and asset diversification requirements, it generally is required to pay income taxes only on the portion of its taxable income and gains it does not distribute (actually or constructively) and certain built-in gains.

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

***Segments***

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

***Concentration of Credit Risk***

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

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

Company's portfolio. Income, consisting of interest, dividends, fees, other investment income, and realization of gains or losses on equity interests, can fluctuate dramatically upon repayment of an investment or sale of an equity interest and in any given year can be highly concentrated among several investees.

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

***Public Offerings of Common Stock***

On April 23, 2009, the Company filed a prospectus supplement pursuant to which 1,200,000 shares of common stock were offered for sale at a price to the public of \$10.75 per share. Pursuant to this offering, all shares were sold and delivered on April 27, 2009 resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately \$11,700,000. On May 27, 2009, pursuant to the exercise of an overallotment option granted in connection with the offering, the underwriters involved purchased an additional 80,000 shares of the Company's common stock at the same public offering price, less underwriting discounts and commissions, resulting in net proceeds to the Company of approximately \$800,000.

On August 7, 2009, the Company filed a prospectus supplement pursuant to which 1,300,000 shares of common stock were offered for sale at a price to the public of \$10.42 per share. In addition, the underwriters involved were granted an overallotment option to purchase an additional 195,000 shares of the Company's common stock at the same public offering price. Pursuant to this offering, all shares (including the overallotment option shares) were sold and delivered on August 12, 2009 resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately \$14,600,000.

On December 8, 2009, the Company filed a prospectus supplement pursuant to which 1,560,000 shares of common stock were offered for sale at a price to the public of \$12.00 per share. In addition, the underwriters involved were granted an overallotment option to purchase an additional 234,000 shares of the Company's common stock at the same public offering price. Pursuant to this offering, all shares (including the overallotment option shares) were sold and delivered on December 11, 2009 resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately \$20,200,000.

On September 21, 2010, the Company filed a prospectus supplement pursuant to which 2,400,000 shares of common stock were offered for sale at a price to the public of \$15.80 per share. In addition, the underwriters involved were granted an overallotment option to purchase an additional 360,000 shares of the Company's common stock at the same public offering price. Pursuant to this offering, all shares (including the overallotment option shares) were sold and delivered on September 24, 2010 resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately \$41,200,000. See Note 9 — Subsequent Events for information on the Company's February 2011 public offering of common stock.

***Dividends and Distributions***

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

The Company has adopted a dividend reinvestment plan ("DRIP") that provides for reinvestment of dividends on behalf of its stockholders, unless a stockholder elects to receive cash. As a result, when the

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

Company declares a dividend, stockholders who have not opted out of the DRIP will have their dividends automatically reinvested in shares of the Company's common stock, rather than receiving cash dividends.

The table below summarizes the Company's dividends and distributions:

Declared	Record	Payable	Per Share Amount	Amount Paid in Cash	DRIP	Total
May 9, 2007	May 31, 2007	June 28, 2007	0.15	358,000	645,000	1,003,000
August 8, 2007	August 30, 2007	September 27, 2007	0.26	769,000	981,000	1,750,000
November 7, 2007	November 29, 2007	December 27, 2007	0.27	1,837,000	—	1,837,000
December 14, 2007	December 31, 2007	January 28, 2008	0.30	2,041,000	—	2,041,000
<b>Total dividends and distributions in 2007</b>			<b>0.98</b>	<b>5,005,000</b>	<b>1,626,000</b>	<b>6,631,000</b>
May 7, 2008	June 5, 2008	June 26, 2008	0.31	2,144,000	—	2,144,000
July 21, 2008	August 14, 2008	September 4, 2008	0.35	2,421,000	—	2,421,000
October 9, 2008	October 30, 2008	November 20, 2008	0.38	2,629,000	—	2,629,000
December 7, 2008	December 23, 2008	January 6, 2009	0.40	2,767,000	—	2,767,000
<b>Total dividends and distributions in 2008</b>			<b>1.44</b>	<b>9,961,000</b>	<b>—</b>	<b>9,961,000</b>
February 13, 2009	February 27, 2009	March, 13, 2009	0.05	352,000	—	352,000
March 11, 2009	March 25, 2009	April 8, 2009	0.40	2,817,000	—	2,817,000
June 16, 2009	July 9, 2009	July 23, 2009	0.40	3,333,000	—	3,333,000
September 23, 2009	October 8, 2009	October 22, 2009	0.41	4,030,000	—	4,030,000
December 1, 2009	December 22, 2009	January 5, 2010	0.41	3,798,000	1,000,000	4,798,000
<b>Total dividends and distributions in 2009</b>			<b>1.67</b>	<b>14,330,000</b>	<b>1,000,000</b>	<b>15,330,000</b>
March 11, 2010	March 25, 2010	April 8, 2010	0.41	3,678,000	1,215,000	4,893,000
June 1, 2010	June 15, 2010	June 29, 2010	0.41	2,919,000	2,005,000	4,924,000
August 25, 2010	September 8, 2010	September 22, 2010	0.41	4,137,000	813,000	4,950,000
December 01, 2010	December 15, 2010	December 29, 2010	0.42	5,406,000	846,000	6,252,000
<b>Total dividends and distributions in 2010</b>			<b>1.65</b>	<b>16,140,000</b>	<b>4,879,000</b>	<b>21,019,000</b>
<b>Total dividends and distributions</b>			<b>5.74</b>	<b>45,436,000</b>	<b>7,505,000</b>	<b>52,941,000</b>

**Per Share Amounts**

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

**Recently Issued Accounting Standards**

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, *Fair Value Measurements and Disclosures* ("Topic 820"). This update improves disclosure requirements related to Fair Value Measurements and Disclosures-Overall Subtopic ("Subtopic 820-10") of the FASB Standards Codification. These improved disclosure requirements will provide a greater level of disaggregated information and more robust disclosures about valuation techniques and inputs to fair value measurements. The Company adopted these

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

changes beginning with its financial statements for the quarter ended March 31, 2010. The adoption of these changes did not have a material impact on the Company's financial position or results of operations.

**2. Investments**

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

	Cost	Percentage of Total Portfolio	Fair Value	Percentage of Total Portfolio
<b>December 31, 2010:</b>				
Subordinated debt, Unitranche and 2 <sup>nd</sup> lien notes	\$279,433,775	86%	\$270,994,677	83%
Senior debt	8,631,760	3	7,639,159	3
Equity shares	29,115,890	9	38,719,699	12
Equity warrants	5,985,882	2	7,902,458	2
Royalty rights	874,400	—	734,600	—
	<u>\$324,041,707</u>	<u>100%</u>	<u>\$325,990,593</u>	<u>100%</u>
<b>December 31, 2009:</b>				
Subordinated debt, Unitranche and 2 <sup>nd</sup> lien notes	\$179,482,425	86%	\$166,087,684	83%
Senior debt	11,090,514	5	10,847,886	5
Equity shares	15,778,681	8	17,182,500	9
Equity warrants	2,715,070	1	6,250,600	3
Royalty rights	874,400	—	949,300	—
	<u>\$209,941,090</u>	<u>100%</u>	<u>\$201,317,970</u>	<u>100%</u>

During the year ended December 31, 2010, the Company made sixteen new investments totaling \$140.7 million, ten additional debt investments in existing portfolio companies of \$32.3 million and five additional equity investments in existing portfolio companies totaling approximately \$0.6 million. During the year ended December 31, 2009, the Company made seven new investments totaling \$43.0 million, additional debt investments in three existing portfolio companies totaling \$4.1 million and five additional equity investments in existing portfolio companies totaling approximately \$1.4 million. During the year ended December 31, 2008, the Company made twelve new investments totaling \$91.0 million, additional debt investments in an existing portfolio company of \$1.9 million and four additional equity investments in existing portfolio companies totaling approximately \$0.2 million.

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

	Fair Value at December 31, 2010			Total
	Level 1	Level 2	Level 3	
Portfolio company investments	\$ —	\$ —	\$325,990,593	\$325,990,593
	<u>\$ —</u>	<u>\$ —</u>	<u>\$325,990,593</u>	<u>\$325,990,593</u>



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**Notes to Financial Statements — (Continued)**

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

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

	Years Ended December 31,	
	2010	2009
Fair value of portfolio, beginning of period	\$ 201,317,970	\$ 182,105,291
New investments	173,581,930	48,475,570
Proceeds from sales of investments	(5,433,709)	(1,888,384)
Loan origination fees received	(3,351,568)	(952,500)
Principal repayments received	(49,481,126)	(19,543,314)
Payment in kind interest earned	5,979,858	5,074,819
Payment in kind interest payments received	(3,710,551)	(2,909,804)
Accretion of loan discounts	701,268	421,495
Accretion of deferred loan origination revenue	1,268,839	663,506
Realized gain (loss) on investments	(5,454,327)	448,164
Unrealized gain (loss) on investments	10,572,009	(10,576,873)
Fair value of portfolio, end of period	<u>\$ 325,990,593</u>	<u>\$ 201,317,970</u>

All realized and unrealized gains and losses are included in earnings (changes in net assets) and are reported on separate line items within the Company's statements of operations. Pre-tax net unrealized gains on investments of \$9.2 million during the year ended December 31, 2010 are related to portfolio company investments that are still held by the Company as of December 31, 2010. Pre-tax net unrealized losses on investments of \$10.7 million during the year ended December 31, 2009 are related to portfolio company investments that are still held by the Company as of December 31, 2009.

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

**3. Long – Term Debt**

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

Issuance/Pooling Date	Maturity Date	Prioritized Return (Interest) Rate	December 31, 2010	December 31, 2009
<u>SBA Debentures:</u>				
September 22, 2004	September 1, 2014	5.539%	\$ —	\$ 8,700,000
March 23, 2005	March 1, 2015	5.893%	—	13,600,000
September 28, 2005	September 1, 2015	5.796%	9,500,000	9,500,000
March 28, 2007	March 1, 2017	6.231%	4,000,000	4,000,000
March 26, 2008	March 1, 2018	6.214%	6,410,000	6,410,000
September 24, 2008	September 1, 2018	6.455%	50,900,000	50,900,000
March 25, 2009	March 1, 2019	5.337%	22,000,000	22,000,000
March 24, 2010	March 1, 2020	4.825%	6,800,000	6,800,000
September 22, 2010	September 1, 2020	3.932%	32,590,000	—
October 28, 2010	March 1, 2021	0.975%	5,000,000	—
November 9, 2010	March 1, 2021	0.943%	21,000,000	—
November 17, 2010	March 1, 2021	0.929%	7,000,000	—
December 14, 2010	March 1, 2021	1.130%	8,000,000	—
December 23, 2010	March 1, 2021	1.118%	4,000,000	—
December 24, 2010	March 1, 2021	1.117%	10,300,000	—
December 24, 2010	March 1, 2021	0.887%	8,100,000	—
<u>SBA LMI Debentures:</u>				
September 14, 2010	March 1, 2016	2.508%	6,864,866	—
			<u>\$202,464,866</u>	<u>\$121,910,000</u>

Interest payments on SBA debentures 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. The Company's SBA Low or Moderate Income ("LMI") debentures are five-year deferred interest debentures that are issued at a discount to par. The accretion of discount on SBA LMI debentures is included in interest expense in the Company's consolidated financial statements.

Under the Small Business Investment Act and current SBA policy applicable to SBICs, an SBIC (or group of SBICs under common control) can have outstanding at any time SBA guaranteed debentures up to two times ( and in certain cases, up to three times) the amount of its regulatory capital. As of December 31, 2010, the maximum statutory limit on the dollar amount of outstanding SBA guaranteed debentures that can be issued by a single SBIC is \$150.0 million and by a group of SBICs under common control is \$225.0 million. As of December 31, 2010, the Fund has issued the maximum \$150.0 million of SBA guaranteed debentures. As of December 31, 2010, Fund II has issued \$53.4 million in face amount of SBA guaranteed debentures and has a leverage commitment from the SBA to issue the remaining \$21.6 million of the \$75.0 million statutory maximum of SBA guaranteed debentures. In addition to a one — time 1.0% fee on the total commitment from the SBA, the Company also pays a one — time 2.425% fee on the amount of each SBA debenture issued and a one-time 2.0% fee on the amount of each SBA LMI debenture issued. These fees are capitalized as deferred financing costs and are amortized over the term of the debt agreements using the effective interest method. The weighted average interest rates for all SBA guaranteed debentures as of December 31, 2010 and 2009 were 3.95% and 5.77%, respectively. The weighted average interest rate as of December 31, 2010 included \$139.1 million of pooled

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**Notes to Financial Statements — (Continued)**

SBA-guaranteed debentures with a weighted average fixed interest rate of 5.29% and \$63.4 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.00%. The weighted average interest rate as of December 31, 2009 included \$115.1 million of pooled SBA-guaranteed debentures with a weighted average fixed interest rate of 6.03% and \$6.8 million of unpooled SBA-guaranteed debentures with a weighted average interim interest rate of 1.41%.

#### **4. Income Taxes**

The Company has elected to be treated as a RIC under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), and intends to make the required distributions to its stockholders as specified therein. In order to qualify as a RIC, the Company must meet certain minimum distribution, source-of-income and asset diversification requirements. If such requirements are met, then the Company is generally required to pay income taxes only on the portion of its taxable income and gains it does not distribute (actually or constructively) and certain built-in gains. The Company met its minimum distribution requirements for 2010, 2009 and 2008 and continually monitors its distribution requirements with the goal of ensuring compliance with the Code.

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

ICTI generally differs from net investment income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. The Company may be required to recognize ICTI in certain circumstances in which it does not receive cash. For example, if the Company holds debt obligations that are treated under applicable tax rules as having original issue discount (such as debt instruments issued with warrants), the Company must include in ICTI each year a portion of the original issue discount that accrues over the life of the obligation, regardless of whether cash representing such income is received by the Company in the same taxable year. The Company may also have to include in ICTI other amounts that it has not yet received in cash, such as 1) PIK interest income and 2) interest income from investments that have been classified as non-accrual for financial reporting purposes. Interest income on non-accrual investments is not recognized for financial reporting purposes, but generally is recognized in ICTI. Because any original issue discount or other amounts accrued will be included in the Company's ICTI for the year of accrual, the Company may be required to make a distribution to its stockholders in order to satisfy the minimum distribution requirements, even though the Company will not have received and may not ever receive any corresponding cash amount. ICTI also excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

Permanent differences between ICTI and net investment income for financial reporting purposes are reclassified among capital accounts in the financial statements to reflect their tax character. Differences in classification may also result from the treatment of short-term gains as ordinary income for tax purposes. During the years ended December 31, 2010, 2009 and 2008, the Company reclassified for book purposes amounts arising from permanent book/tax differences primarily related to differences in the tax basis and book basis of investments sold and non-deductible taxes paid during the year as follows:

	Years Ended December 31,		
	2010	2009	2008
Additional paid-in capital	\$ (171,918)	\$(29,996)	\$ 612,399
Investment income in excess of distributions	\$ 3,385,585	\$ 34,125	\$(151,906)
Accumulated realized gains on investments	\$(3,213,667)	\$ (4,129)	\$(460,493)

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

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

For income tax purposes, distributions paid to stockholders are reported as ordinary income, return of capital, long term capital gains or a combination thereof. The tax character of distributions paid for the years ended December 31, 2010, 2009 and 2008 was as follows:

	For the Year Ended December 31,		
	2010	2009	2008
Ordinary income	\$ 20,078,591	\$ 14,614,821	\$ 9,817,002
Distributions of long-term capital gains	448,164	356,495	—
Distributions on a Tax Basis	<u>\$ 20,256,755</u>	<u>\$ 14,971,316</u>	<u>\$ 9,817,002</u>

For federal income tax purposes, the cost of investments owned at December 31, 2010 and 2009 was approximately \$325.8 million and \$211.2 million, respectively.

At December 31, 2010, 2009 and 2008, the components of distributable earnings on a tax basis detailed below differ from the amounts reflected in the Company's Statement of Assets and Liabilities by temporary and other book/tax differences, primarily relating to depreciation expense, stock-based compensation, accruals of defaulted debt investment interest and the tax treatment of certain partnership investments, as follows:

	As of December 31,		
	2010	2009	2008
Undistributed net investment income	\$ 4,007,334	\$ 1,344,215	\$ 634,803
Accumulated Capital Gains	(8,244,376)	448,164	356,495
Other permanent differences relating to the Company's Formation	1,975,543	1,975,543	1,975,543
Other temporary differences	(892,961)	(1,001,062)	(317,111)
Unrealized Appreciation (Depreciation)	15,935	(10,448,630)	931,730
Components of Distributable Earnings at Year End	<u>\$(3,138,525)</u>	<u>\$ (7,681,770)</u>	<u>\$3,581,460</u>

During 2008, the Company utilized net capital loss carryforwards of \$618,620.

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

**5. Equity Compensation Plan**

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

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

The following table presents information with respect to the Plan for the years ended December 31, 2010, 2009 and 2008:

	Years Ended December 31,					
	2010		2009		2008	
	Number of Shares	Weighted-Average Grant-Date Fair Value per Share	Number of Shares	Weighted-Average Grant-Date Fair Value per Share	Number of Shares	Weighted-Average Grant-Date Fair Value per Share
Unvested shares, beginning of period	219,813	\$ 10.76	110,800	\$ 11.11	—	\$ —
Shares granted during the period	152,944	\$ 12.01	144,812	\$ 10.58	113,500	\$ 11.11
Shares vested during the period	(70,059)	\$ 10.72	(35,799)	\$ 11.11	—	\$ —
Shares forfeited during the period	—	—	—	—	(2,700)	\$ 11.11
Unvested shares, end of period	<u>302,698</u>	\$ 11.40	<u>219,813</u>	\$ 10.76	<u>110,800</u>	\$ 11.11

In the years ended December 31, 2010, 2009 and 2008 the Company recognized equity-based compensation expense of approximately \$1.2 million, \$0.7 million and \$0.3 million, respectively. This expense is included in general and administrative expenses in the Company's consolidated statements of operations.

As of December 31, 2010, there was approximately \$2.5 million of total unrecognized compensation cost, related to the Company's non-vested restricted shares. This cost is expected to be recognized over a weighted-average period of approximately 2.2 years.

**6. Commitments and Contingencies**

In the normal course of business, the Company is party to financial instruments with off-balance sheet risk, consisting primarily of unused commitments to extend credit, in the form of loans, to the Company's portfolio companies. The balance of unused commitments to extend credit as of December 31, 2010 and 2009 was approximately \$5.1 million and \$4.3 million, respectively. Since these commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

The Company's headquarters is leased under an agreement that expires on December 31, 2013. Rent expense for the years ended December 31, 2010, 2009 and 2008 was approximately \$283,000, \$282,000 and \$122,000, respectively, and the rent commitment for the three years ending December 31, 2013 are as follows:

Years Ending December 31,	Rent Commitment
2011	\$ 287,805
2012	294,531
2013	301,368
Total	<u>\$ 883,704</u>

## 7. Financial Highlights

	Years Ended December 31,				
	2010	2009	2008	2007	2006(1)
	(Consolidated)	(Consolidated)	(Consolidated)	(Consolidated)	(Combined)
Per share data:					
Net asset value at beginning of period	\$ 11.03	\$ 13.22	\$ 13.74	\$ 13.44	N/A
Net investment income(2)	1.58	1.63	1.54	0.96	N/A
Net realized gain (loss) on investments(2)	(0.43)	0.05	0.21	(0.09)	N/A
Net unrealized appreciation (depreciation) on investments(2)	0.86	(1.20)	(0.62)	0.45	N/A
Total increase from investment operations(2)	2.01	0.48	1.13	1.32	N/A
Cash dividends/distributions declared	(1.65)	(1.67)	(1.44)	(0.98)	N/A
Common stock offerings	0.67	(0.53)	—	—	N/A
Stock-based compensation(2)	(0.05)	0.08	0.04	—	N/A
Shares issued pursuant to Dividend Reinvestment Plan	0.08	0.10	—	0.24	N/A
Distribution to partners(2)	—	—	—	(0.03)	N/A
Income tax provision(2)	(0.02)	(0.02)	(0.02)	(0.01)	N/A
Other(3)	0.02	(0.63)	(0.23)	(0.24)	N/A
Net asset value at end of period	<u>\$ 12.09</u>	<u>\$ 11.03</u>	<u>\$ 13.22</u>	<u>\$ 13.74</u>	N/A
Market value at end of period(4)	<u>\$ 19.00</u>	<u>\$ 12.09</u>	<u>\$ 10.20</u>	<u>\$ 12.40</u>	N/A
Shares outstanding at end of period	14,928,987	11,702,511	6,917,363	6,803,863	N/A
Net assets at end of period	\$ 180,479,159	\$ 129,099,192	\$ 91,514,982	\$ 93,472,353	\$25,156,811
Average net assets(5)	\$ 145,386,905	\$ 98,085,844	\$ 94,584,281	\$ 92,765,399	\$20,447,456
Ratio of total operating expenses to average net assets	11%	14%	11%	7%	18%
Ratio of net investment income to average net assets	14%	14%	11%	7%	15%
Ratio of total capital called to total capital commitments	N/A	N/A	N/A	N/A	100%
Portfolio turnover ratio	23%	12%	13%	13%	7%
Total return(6)	71%	35%	(6)%	(11)%	18%

- (1) Per share data for the years ended December 31, 2006 is not presented as there were no shares of Triangle Capital Corporation outstanding during the period.
- (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 basic 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.

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

- (5) Average net assets for the year ended December 31, 2007 are presented as if the IPO 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.
- (6) The total return for the years ended December 31, 2010, 2009 and 2008 equals the change in the 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 at the beginning of the period. The total return for the year ended December 31, 2007 equals the change in the market value of the Company's common stock from the IPO price of \$15.00 per share plus dividends declared per share during the period, divided by the IPO price. Total return is not annualized.

**8. Selected Quarterly Financial Data (Unaudited)**

The following tables set forth certain quarterly financial information for each of the eight quarters in the two years ended December 31, 2010. Results for any quarter are not necessarily indicative of results for the full year or for any future quarter.

	Quarter Ended			
	March 31, 2010	June 30, 2010	September 30, 2010	December 31, 2010
Total investment income	\$ 7,484,907	\$ 8,294,147	\$ 9,787,085	\$ 10,419,355
Net investment income	3,793,684	4,558,624	5,612,455	6,184,710
Net increase (decrease) in net assets resulting from operations	4,149,329	6,867,280	7,183,182	7,190,758
Net investment income per share	\$ 0.32	\$ 0.38	\$ 0.46	\$ 0.42

	Quarter Ended			
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009
Total investment income	\$ 6,504,500	\$ 6,576,403	\$ 7,096,643	\$ 7,584,436
Net investment income	3,037,582	3,249,297	3,717,857	4,043,838
Net increase (decrease) in net assets resulting from operations	(583,357)	(2,851,857)	(778,659)	8,250,576
Net investment income per share	\$ 0.43	\$ 0.41	\$ 0.41	\$ 0.39

**9. Subsequent Events**

In February 2011, the Company's Board of Directors granted 152,779 restricted shares of the Company's common stock to certain employees. These restricted shares had a total grant date fair value of approximately \$3.1 million, which will be expensed on a straight-line basis over each respective award's vesting period.

In February 2011, the Company filed a prospectus supplement pursuant to which 3,000,000 shares of common stock were offered for sale at a price to the public of \$19.25 per share. In addition, the underwriters involved were granted an overallotment option to purchase an additional 450,000 shares of the Company's common stock at the same public offering price. Pursuant to this offering, all shares (including the overallotment option shares) were sold and delivered on February 11, 2011 resulting in net proceeds to the Company, after underwriting discounts and offering expenses, of approximately \$63.0 million.

In February 2011, the Company invested \$10.0 million in subordinated debt of Pomeroy IT Solutions, Inc., a provider of information technology infrastructure outsourcing services. Under the terms of the investment, Pomeroy IT Solutions, Inc. will pay interest on the subordinated debt at a rate of 15% per annum.

**Triangle Capital Corporation**  
**Notes to Financial Statements — (Continued)**

In February 2011, the Company amended the terms of its senior debt investment in Botanical Laboratories, Inc. Among other things, the amendment to the loan agreement included modifications to certain loan covenants, an increase in the interest rate on the investment from 14.0% per annum to 15.0% per annum and required monthly amortization of principal.

In February 2011, the Company invested \$8.8 million in subordinated debt and equity of Captek Softgel International, Inc., a contract manufacturer of softgel capsules. Under the terms of the investment, Captek Softgel International, Inc. will pay interest on the subordinated debt at a rate of 16% per annum.

In March 2011, the Company prepaid \$9.5 million in SBA guaranteed debentures with a fixed rate of 5.796%.



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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS SUPPLEMENT  
(To Prospectus dated \_\_\_\_\_, 2011)



\$ \_\_\_\_\_ per share

We are offering \_\_\_\_\_ shares of our securities to fund investments in lower middle market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. Sales of common stock at prices below net asset value per share dilute the interests of existing stockholders, have the effect of reducing our net asset value per share and may reduce our market price per share. See "Risk Factors" beginning on page S- \_\_\_\_\_ and "Sales of Common Stock Below Net Asset Value" on page S- \_\_\_\_\_ of this prospectus supplement and on page \_\_\_\_\_ of the accompanying prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol "TCAP." The last reported sale price on \_\_\_\_\_ was \$ \_\_\_\_\_ per share, and our most recently determined net asset value per share was \$ \_\_\_\_\_.

Please read this prospectus supplement, and the accompanying prospectus, before investing, and keep it for future reference. This prospectus supplement and the accompanying prospectus contain important information about us that a prospective investor should know before investing in our common stock. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. This information is available free of charge by contacting us at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612, or by telephone by calling collect at (919) 719-4770 or on our website at [www.tcap.com](http://www.tcap.com). The information on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus. The SEC also maintains a website at [www.sec.gov](http://www.sec.gov) that contains such information.

Investing in our securities is speculative and involves numerous risks, and you could lose your entire investment if any of the risks occurs. For more information regarding these risks, please see "[Risk Factors](#)" beginning on page S-6 of this prospectus supplement and on page \_\_\_\_\_ of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission, nor any other regulatory body, has approved or disapproved of these securities or determined if either this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$ _____	\$ _____
Underwriting discount (sales load)	\$ _____	\$ _____
Proceeds to us before expenses(1)	\$ _____	\$ _____

(1) Before deducting estimated expenses payable by us of approximately \$ \_\_\_\_\_.

\_\_\_\_\_  
The date of this prospectus supplement is \_\_\_\_\_

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## ABOUT THIS PROSPECTUS

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the securities we are offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about the securities which we may offer from time to time, some of which may not apply to the securities offered by this prospectus supplement. For information about our securities, see the corresponding section in the accompanying prospectus.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. The information contained or incorporated by reference in this prospectus supplement supersedes any inconsistent information included or incorporated by reference in the accompanying prospectus. In various places in this prospectus supplement and the accompanying prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement and the accompanying prospectus can be found is listed in the table of contents above. All such cross references in this prospectus supplement are to captions contained in this prospectus supplement and not in the accompanying prospectus, unless otherwise stated.

Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement to “\$” or “dollar” are to the lawful currency of the United States.

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**YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS. WE HAVE NOT, AND THE UNDERWRITER HAS NOT, AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT OR ADDITIONAL INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR ADDITIONAL INFORMATION, YOU SHOULD NOT RELY ON IT. WE ARE NOT, AND THE UNDERWRITER IS NOT, MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS AND ANY DOCUMENTS INCORPORATED BY REFERENCE IS ACCURATE ONLY AS OF THEIR RESPECTIVE DATES, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS OR ANY SALES OF THE SECURITIES. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THOSE DATES.**

## PROSPECTUS SUMMARY

*This summary highlights some of the information in this prospectus supplement and the accompanying prospectus. It is not complete and may not contain all of the information that you may want to consider. To understand the terms of the securities offered hereby, you should read the entire prospectus supplement and the accompanying prospectus carefully. Together, these documents describe the specific terms of the securities we are offering. You should carefully read the sections titled "Risk Factors," "Selected Consolidated Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements contained elsewhere in the accompanying prospectus, as well as the "Risk Factors" section and the documents identified in the section "Available Information" in this prospectus supplement.*

*Triangle Capital Corporation is a Maryland corporation incorporated on October 10, 2006, for the purpose of acquiring Triangle Mezzanine Fund LLLP, or Triangle SBIC, and its general partner, Triangle Mezzanine LLC, or TML, raising capital in its initial public offering, or IPO, which closed on February 21, 2007 and, thereafter, operating as an internally managed business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. Triangle SBIC is licensed as a small business investment company, or SBIC, by the United States Small Business Administration, or SBA. Simultaneously with the consummation of our IPO, we acquired all of the equity interests in Triangle SBIC and TML as described elsewhere in the accompanying prospectus under "Formation Transactions," whereby Triangle SBIC became our wholly owned subsidiary. Triangle Mezzanine Fund II LP, or Triangle SBIC II, is a wholly owned subsidiary of Triangle Capital Corporation that is licensed by the SBA to operate as an SBIC. Unless otherwise noted in this prospectus supplement or the accompanying prospectus, the terms "we," "us," "our," the "Company" and "Triangle" refer to Triangle SBIC prior to the IPO and to Triangle Capital Corporation and its subsidiaries, including Triangle SBIC and Triangle SBIC II, currently existing and the term "SBIC subsidiaries" refers collectively to Triangle SBIC and Triangle SBIC II.*

### Triangle Capital Corporation

Triangle Capital Corporation is a specialty finance company that provides customized financing solutions to lower middle market companies located throughout the United States. Our goal is to be the premier provider of capital to these companies. We define lower middle market companies as those having annual revenues between \$10.0 and \$100.0 million. Our investment objective is to seek attractive returns by generating current income from our debt investments and capital appreciation from our equity related investments. Our investment philosophy is to partner with business owners, management teams and financial sponsors to provide flexible financing solutions to fund growth, changes of control, or other corporate events. We invest primarily in senior and subordinated debt securities secured by first and second lien security interests in portfolio company assets, coupled with equity interests.

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 \$100 million and annual earnings before interest, taxes, depreciation and amortization ("EBITDA") between \$3.0 and \$20.0 million. We believe that these companies have less access to capital and that the market for such capital is underserved relative to larger companies. Companies of this size are generally privately held and are less well known to traditional capital sources such as commercial and investment banks.

Our investments generally range from \$5.0 to \$15.0 million per portfolio company. In certain situations, we have partnered with other funds to provide larger financing commitments. We are continuing to operate Triangle SBIC as an SBIC and to utilize the proceeds of the sale of SBA guaranteed debentures, referred to herein as SBA leverage, to enhance returns to our stockholders. As of \_\_\_\_\_, we had investments in \_\_\_\_\_ portfolio companies, with an aggregate cost of \$ \_\_\_\_\_.

Our principal executive offices are located at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612, and our telephone number is 919-719-4770. We maintain a website on the Internet at [www.tcap.com](http://www.tcap.com).

Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider that information to be part of this prospectus supplement or the accompanying prospectus.

### **Our Business Strategy**

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

- *Focusing on Underserved Markets.* We believe that broad-based consolidation in the financial services industry coupled with operating margin and growth pressures have caused financial institutions to de-emphasize services to lower middle market companies in favor of larger corporate clients and capital market transactions. We believe these dynamics have resulted in the financing market for lower middle market companies to be underserved, providing us with greater investment opportunities.
- *Providing Customized Financing Solutions.* We offer a variety of financing structures and have the flexibility to structure our investments to meet the needs of our portfolio companies. Typically we invest in senior and subordinated debt securities, coupled with equity interests. We believe our ability to customize financing arrangements makes us an attractive partner to lower middle market companies.
- *Leveraging the Experience of Our Management Team.* Our senior management team has more than 100 years of combined experience advising, investing in, lending to and operating companies across changing market cycles. The members of our management team have diverse investment backgrounds, with prior experience at investment banks, specialty finance companies, commercial banks, and privately and publicly held companies in the capacity of executive officers. We believe this diverse experience provides us with an in depth understanding of the strategic, financial and operational opportunities associated with lower middle market companies. We believe this understanding allows us to select and structure better investments and to efficiently monitor and provide managerial assistance to our portfolio companies.
- *Applying Rigorous Underwriting Policies and Active Portfolio Management.* Our senior management team has implemented rigorous underwriting policies that are followed in each transaction. These policies include a thorough analysis of each potential portfolio company's competitive position, financial performance, management team operating discipline, growth potential and industry attractiveness, allowing us to better assess the company's prospects. After investing in a company, we monitor the investment closely, typically receiving monthly, quarterly and annual financial statements. We analyze and discuss in detail the company's financial performance with management in addition to attending regular board of directors meetings. We believe that our initial and ongoing portfolio review process allows us to monitor effectively the performance and prospects of our portfolio companies.
- *Taking Advantage of Low Cost Debentures Guaranteed by the SBA.* Our license to do business as an SBIC allows us to issue fixed-rate, low interest debentures which are guaranteed by the SBA and sold in the capital markets, potentially allowing us to increase our net interest income beyond the levels achievable by other BDCs utilizing traditional leverage.
- *Investing Across Multiple Industries.* While we focus our investments in lower middle market companies, we seek to invest across various industries. We monitor our investment portfolio to ensure we have acceptable industry balance, using industry and market metrics as key indicators. By monitoring our investment portfolio for industry balance we seek to reduce the effects of economic downturns associated with any particular industry or market sector. However, we may from time to time hold securities of a single portfolio company that comprise more than 5.0% of our total assets and/or more than 10.0% of the outstanding voting securities of the portfolio company. For that reason, we are classified as a non-diversified management investment company under the 1940 Act.

- *Utilizing Long-Standing Relationships to Source Deals.* Our senior management team maintains extensive relationships with entrepreneurs, financial sponsors, attorneys, accountants, investment bankers, commercial bankers and other non-bank providers of capital who refer prospective portfolio companies to us. These relationships historically have generated significant investment opportunities. We believe that our network of relationships will continue to produce attractive investment opportunities.

#### **Our Investment Criteria**

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

- *Established Companies With Positive Cash Flow.* We seek to invest in established companies with a history of generating revenues and positive cash flows. We typically focus on companies with a history of profitability and minimum trailing twelve month EBITDA of \$2.0 million. We do not invest in start-up companies, distressed situations, “turn-around” situations or companies that we believe have unproven business plans.
- *Experienced Management Teams With Meaningful Equity Ownership.* Based on our prior investment experience, we believe that a management team with significant experience with a portfolio company or relevant industry experience and meaningful equity ownership is more committed to a portfolio company. We believe management teams with these attributes are more likely to manage the companies in a manner that protects our debt investment and enhances the value of our equity investment.
- *Strong Competitive Position.* We seek to invest in companies that have developed strong positions within their respective markets, are well positioned to capitalize on growth opportunities and compete in industries with barriers to entry. We also seek to invest in companies that exhibit a competitive advantage, which may help to protect their market position and profitability.
- *Varied Customer and Supplier Base.* We prefer to invest in companies that have a varied customer and supplier base. Companies with a varied customer and supplier base are generally better able to endure economic downturns, industry consolidation and shifting customer preferences.
- *Significant Invested Capital.* We believe the existence of significant underlying equity value provides important support to investments. We will look for portfolio companies that we believe have sufficient value beyond the layer of the capital structure in which we invest.

#### **Recent Developments**

In April 2011, the Company invested \$5.0 million in The Main Resource (“TMR”) consisting of subordinated debt with warrants. TMR is a supplier of aftermarket automotive parts. Under the terms of the investments, TMR will pay interest on the subordinated debt at a rate of 14% per annum.

In April 2011, the Company invested \$4.0 million in subordinated debt, \$1.0 million in junior subordinated debt with warrants and \$0.3 million in equity of Main Street Gourmet (“MSG”). MSG is a provider of bakery items primarily for retail and foodservice companies. Under the terms of the investments, MSG will pay interest on the subordinated debt and junior subordinated debt at a rate of 16.5% and 10%, respectively, per annum.

In May 2011, we recognized a realized gain of approximately \$12.2 million related to the sale of certain assets of Fischbein, LLC.

In May 2011, we entered into an agreement for a three-year senior secured credit facility (the “Facility”) with an initial committed amount of \$50 million. The Facility has an accordion feature which allows for an increase in the total loan size up to \$90.0 million. The Facility is scheduled to mature on May 8, 2014 and is

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subject to two one-year extension options bringing the total potential commitment and funding period to five years from closing. Branch Banking and Trust Company acts as the agent for the Facility and BB&T Capital Markets and Fifth Third Bank acted as joint lead arrangers for the Facility.

In June 2011, the Company invested \$8.0 million in senior subordinated debt of PowerDirect Marketing, LLC ("PowerDirect"). PowerDirect is a leader in integrated front door marketing services and also designs and manages cost-effective energy efficiency programs across the U.S. Under the terms of the investment, PowerDirect will pay interest on the senior subordinated debt at a rate of 15.0% per annum.

### **The Offering**

Securities offered by us

Securities outstanding prior to this offering

Securities to be outstanding after this offering

Use of proceeds

We expect that the net proceeds from this offering will be approximately \$            million.

We intend to use the net proceeds from this offering to make investments in lower middle market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. See "Use of Proceeds" in this prospectus supplement for more information.

Distributions

We typically pay quarterly dividends and may pay other distributions to our stockholders out of assets legally available for distribution. Our dividends and other distributions, if any, will be determined by our board of directors.

Taxation

We have elected to be treated as a RIC. Accordingly, we generally will not pay corporate-level federal income taxes on any net ordinary income or capital gains that we distribute to our stockholders as dividends. To maintain our RIC tax treatment, we must meet specified source-of-income and asset diversification requirements and distribute annually at least 90.0% of our net ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any.

Risk Factors

See the "Risk Factors" section beginning on page S-    of this prospectus supplement and on page of the accompanying prospectus.

New York Stock Exchange symbol

TCAP

## FEES AND EXPENSES

The following table is intended to assist you in understanding our consolidated costs and expenses that an investor in this offering will bear directly or indirectly. We caution you that some of the percentages indicated in the table below are estimates and may vary. Except where the context suggests otherwise, whenever this prospectus supplement contains a reference to fees or expenses paid by “you,” “us” or “Triangle,” or that “we” will pay fees or expenses, stockholders will indirectly bear such fees or expenses as investors in us.

<b>Stockholder Transaction Expenses:</b>	
Sales load (as a percentage of offering price)	(1)
Offering expenses (as a percentage of offering price)	(2)
Dividend reinvestment plan expenses	(3)
<b>Total stockholder transaction expenses (as a percentage of offering price)</b>	
<b>Annual Expenses (as a percentage of net assets attributable to common stock):</b>	
Interest payments on borrowed funds	%
Other expenses	%(4)
<b>Total annual expenses</b>	<b>%(5)</b>

- (1) The underwriting discount with respect to our common stock sold in this offering, which is a one-time fee, is the only sales load paid in connection with this offering.
- (2) The offering expenses of this offering are estimated to be approximately \$ .
- (3) The expenses of administering our dividend reinvestment plan are included in “Other expenses.”
- (4) Other expenses represent our estimated annual operating expenses, excluding interest payments on borrowed funds. We do not have an investment adviser and are internally managed by our executive officers under the supervision of our board of directors. As a result, we do not pay investment advisory fees, but instead we pay the operating costs associated with employing investment management professionals.
- (5) The total annual expenses are the sum of interest payments on borrowed funds and other expenses. “Total annual expenses” as a percentage of average net assets attributable to common stock are higher than the total annual expenses percentage would be for a company that is not leveraged. The SEC requires that the “Total annual expenses” percentage be calculated as a percentage of average net assets, rather than average total assets, which includes assets that have been funded with borrowed money. If the “Total annual expenses” percentage were calculated instead as a percentage of average total assets, we estimate that our “Total annual expenses” would be approximately % of average total assets.

### Example

The following example is required by the Securities and Exchange Commission and demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in us. In calculating the following expense amounts, we assumed we would have no additional leverage and that our operating expenses would remain at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a \$1,000 investment, assuming a 5.0% annual return				

**The example and the expenses in the tables above should not be considered a representation of our future expenses, and actual expenses may be greater or lesser than those shown.** While the example assumes, as required by the SEC, a 5.0% annual return, our performance will vary and may result in a return greater or less than 5.0%. The table above does not reflect additional SBA leverage that we intend to employ in the future. “Other expenses” are based on estimated amounts for the current fiscal year. In addition, while the example assumes reinvestment of all dividends at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend payable to a participant by the market price per share of our common stock at the close of trading on the dividend payment date, which may be at, above or below net asset value. See “Dividend Reinvestment Plan” in the accompanying prospectus for additional information regarding our dividend reinvestment plan.



## **RISK FACTORS**

Investing in our securities involves a high degree of risk. You should carefully consider the risks described below, together with all of the other information included in this prospectus supplement and in the accompanying prospectus, before you decide whether to make an investment in our securities. The risks set forth below and on page of the accompanying prospectus are not the only risks we face. If any of the adverse events or conditions described below occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value (“NAV”) and the trading price of our common stock could decline; we could reduce or eliminate our dividend; and you could lose all or part of your investment.

## **USE OF PROCEEDS**

The net proceeds from the sale of                      shares of our securities in this offering are \$                      after deducting underwriting discounts of \$                      and estimated offering expenses of approximately \$                      payable by us. We intend to invest the net proceeds in lower middle market companies in accordance with our investment objective and strategies and for working capital and general corporate purposes. Pending such use, we will invest the net proceeds of this offering primarily in short-term securities consistent with our BDC election and our election to be taxed as a RIC. See “Regulation — Temporary Investments” in the accompanying prospectus.

## CAPITALIZATION

You should read this table in conjunction with the historical financial statements, and the notes thereto, of Triangle contained in the accompanying prospectus. Additionally, the unaudited pro forma, as adjusted information below should be read in conjunction with, and is qualified in its entirety by, the unaudited pro forma consolidated financial statements and the notes thereto beginning on page      of the accompanying prospectus.

The following table sets forth our capitalization:

- on an actual basis as of December 31,      ; and
- on a pro forma, as adjusted basis to reflect the issuance and sale of      of our securities by us in this offering at the public offering price of \$      per share, less estimated underwriting discounts and offering expenses payable by us.

	As of December 31,	
	Actual	Adjusted Pro Forma (Unaudited)
Cash and cash equivalents	\$	\$
Borrowings (SBA-guaranteed debentures payable)		
Stockholders' equity:		
Common stock, par value \$0.001 per share; 150,000,000 shares authorized,      shares outstanding, actual;      shares outstanding, as adjusted		
Additional paid-in capital		
Investment income in excess of distributions		
Accumulated realized gains on investments		
Net unrealized appreciation of investments		
Total stockholders' equity		
Total Capitalization		\$

## **DISTRIBUTIONS AND PRICE RANGE OF COMMON STOCK**

We have paid and intend to continue to distribute quarterly distributions to our stockholders out of assets legally available for distribution. Our distributions, if any, will be determined by our Board of Directors.

In order to maintain RIC tax treatment, we must distribute at least 90.0% of our ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any, out of the assets legally available for distribution. In order to avoid certain excise tax imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of:

- 98.0% of our ordinary income for the calendar year;
- 98.2% of our capital gains in excess of capital losses for the calendar year; and
- any net ordinary income and net capital gains for preceding years that were not distributed during such years.

In addition, although we currently intend to distribute realized net capital gains (which we define as net long-term capital gains in excess of short-term capital losses), if any, at least annually, out of the assets legally available for such distributions, we may decide in the future to retain such capital gains for investment. In such event, the consequences of our retention of net capital gains are as described under “Material U.S. Federal Income Tax Considerations” in the accompanying prospectus. We can offer no assurance that we will achieve results that will permit the payment of any cash distributions and, if we issue senior securities, we will be prohibited from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or if distributions are limited by the terms of any of our borrowings.

We maintain an “opt out” dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend then each stockholder’s dividend will be automatically reinvested in additional shares of our common stock, unless the stockholder has specifically “opted out” of the dividend reinvestment plan so as to receive cash dividends. See “Dividend Reinvestment Plan” in the accompanying prospectus. To the extent prudent and practicable, we intend to declare and pay dividends on a quarterly basis.

Tax characteristics of all distributions will be reported to stockholders, as appropriate, on IRS Form 1099-DIV after the end of the year. Our ability to pay distributions could be affected by future business performance, liquidity, capital needs, alternative investment opportunities and loan covenants.

Our common stock is quoted on the New York Stock Exchange under the symbol “TCAP.” The following table sets forth, for the entire public trading history of our common stock, our NAV per share of common stock and the high and low prices per share of our common stock as reported on the New York Stock Exchange.

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Our common stock has historically traded at prices both above and below its NAV. There can be no assurance, however, that such premium or discount, as applicable, to NAV will be maintained.

	Net Asset Value(1)	Sales Price		Premium of High Sales Price to Net Asset Value(2)	Discount of Low Sales Price to Net Asset Value(2)	Cash Distributions per Share(3)
		High	Low			
<b>Year ended December 31, 2009</b>						
First Quarter	\$12.46	\$12.92	\$ 5.21	103.7%	41.8%	\$ 0.45
Second Quarter	\$11.31	\$12.38	\$ 7.50	109.5%	66.3%	\$ 0.40
Third Quarter	\$10.60	\$12.77	\$10.26	120.5%	96.8%	\$ 0.41
Fourth Quarter	\$11.03	\$13.28	\$10.95	120.4%	99.3%	\$ 0.41
<b>Year ended December 31, 2010</b>						
First Quarter	\$10.87	\$14.53	\$11.45	133.7%	105.3%	\$ 0.41
Second Quarter	\$11.08	\$16.38	\$12.16	147.8%	109.7%	\$ 0.41
Third Quarter	\$11.99	\$16.81	\$14.06	140.2%	117.3%	\$ 0.41
Fourth Quarter	\$12.09	\$20.97	\$15.90	173.4%	131.5%	\$ 0.42
<b>Year ended December 31, 2011</b>						
First Quarter	\$13.42	\$20.93	\$16.23	156.0%	120.9%	\$ 0.42
Second Quarter (to June 24, 2011)	*	\$19.26	\$17.37	*	*	\$ 0.42

- (1) Net asset value per share is determined as of the last day in the relevant quarter and therefore may not reflect the net asset value per share on the date of the high and low sales prices. The net asset values shown are based on outstanding shares at the end of each period.
- (2) Calculated as the respective high or low sales price divided by net asset value.
- (3) Represents the distribution declared in the specified quarter. We have adopted an "opt out" dividend reinvestment plan for our common stockholders. As a result, if we declare a distribution, then stockholders' cash distributions will be automatically reinvested in additional shares of our common stock, unless they specifically "opt out" of the dividend reinvestment plan so as to receive cash distributions. See "Dividend Reinvestment Plan."

The last reported price for our common stock on June 24, 2011 was \$18.75 per share. As of June 24, 2011, we had 60 stockholders of record.

The table below sets forth each class of our outstanding securities as of December 31, :

Title of Class	Amount Authorized	Amount Held by Registrant or for its Account	Amount Outstanding Exclusive of Amount Shown Under(3)
		—	
		—	

## SALES OF COMMON STOCK BELOW NET ASSET VALUE

On June 13, 2011, our stockholders approved our ability to sell an unlimited number of shares of our common stock at any level of discount from NAV per share for a period of one year ending on the earlier of June 12, 2012 or our 2012 annual meeting of stockholders. In order to sell shares pursuant to this authorization, a majority of our directors who have no financial interest in the sale and a majority of our independent directors must (a) find that the sale is in our best interests and in the best interests of our stockholders, and (b) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares, or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of such shares, less any distributing commission or discount. Any offering of common stock below NAV per share will be designed to raise capital for investment in accordance with our investment objective.

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The offering being made pursuant to this prospectus supplement is at a price below our most recently determined NAV per share. In making a determination that this offering is in our and our stockholders' best interests, our Board of Directors considered a variety of factors including matters such as:

- The effect that the offering will have on our stockholders, including the potential dilution they may experience as a result of the offering;
- The amount per share by which the offering price per share and the net proceeds per share are less than the most recently determined NAV per share;
- The relationship of recent market prices of our common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;
- Whether the estimated offering price would closely approximate the market value of our shares;
- The potential market impact of being able to raise capital during the current financial market difficulties;
- The nature of any new investors anticipated to acquire shares in the offering;
- The anticipated rate of return on and quality, type and availability of investments; and
- The leverage available to us.

We will not sell shares under this prospectus supplement to the post-effective amendment to the registration statement of which this prospectus supplement forms a part (the "current amendment") if the cumulative dilution to the Company's NAV per share from offerings under the current amendment exceeds 15%. This will be measured separately for each offering pursuant to the current amendment by calculating the percentage dilution or accretion to aggregate NAV from that offering and then summing the percentage from each offering. For example, if our most recently determined NAV at the time of the first offering is \$ and we have million shares outstanding, sale of shares at net proceeds to us of \$ per share (a 50% discount) would produce dilution of %. If we subsequently determined that our NAV per share increased to \$ on the then shares outstanding and then made an additional offering, we could, for example, sell approximately an additional shares at net proceeds to us of \$ per share, which would produce dilution of %, before we would reach the aggregate 15% limit. If we file a new post-effective amendment, the threshold would reset.

Sales by us of our common stock at a discount from NAV pose potential risks for our existing stockholders whether or not they participate in the offering, as well as for new investors who participate in the offering.

The following three headings and accompanying tables will explain and provide hypothetical examples on the impact of an offering at a price less than NAV per share on three different set of investors:

- existing stockholders who do not purchase any shares in the offering;
- existing stockholders who purchase a relative small amount of shares in the offering or a relatively large amount of shares in the offering; and
- new investors who become stockholders by purchasing shares in the offering.

### **Impact On Existing Stockholders Who Do Not Participate in the Offering**

Our existing stockholders who do not participate in an offering below NAV per share or who do not buy additional shares in the secondary market at the same or lower price we obtain in the offering (after expenses and commissions) face the greatest potential risks. These stockholders will experience an immediate decrease (often called dilution) in the NAV of the shares they hold and their NAV per share. These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we will experience in our assets, potential earning power and voting interests due to the offering. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

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The following table illustrates the level of NAV dilution that would be experienced by a current stockholder who does not participate in this offering. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	Following Sale	% Change
<b>Offering Price</b>			
Price per Share to Public	—	\$	—
Net Proceeds per Share to Issuer	—	\$	—
<b>Decrease to NAV</b>			
Total Shares Outstanding			%
NAV per Share	\$	\$	%
<b>Dilution to Non participating Stockholder</b>			
Shares Held by Stockholder A			
Percentage Held by Stockholder A	%	%	%
<b>Total Asset Values</b>			
Total NAV Held by Stockholder A	\$	\$	%
Total Investment by Stockholder A (Assumed to Be \$ per Share)	\$	\$	
Total Dilution to Stockholder A (Total NAV Less Total Investment)	—	\$	
<b>Per Share Amounts</b>			
NAV per Share Held by Stockholder A		\$	
Investment per Share Held by Stockholder A (Assumed to be \$ per Share)	\$	\$	
Dilution per Share Held by Stockholder A (NAV per Share Less Investment per Share)	—	\$	
Percentage Dilution to Stockholder A (Dilution per Share Divided by Investment per Share)	—	—	%

### Impact On Existing Stockholders Who Do Participate in this Offering

Our existing stockholders who participate in this offering or who buy additional shares in the secondary market at the same or lower price as we obtain in this offering (after expenses and commissions) will experience the same types of NAV dilution as the nonparticipating stockholders, albeit at a lower level, to the extent they purchase less than the same percentage of the discounted offering as their interest in our shares immediately prior to the offering. The level of NAV dilution will decrease as the number of shares such stockholders purchase increases. Existing stockholders who buy more than such percentage will experience NAV dilution but will, in contrast to existing stockholders who purchase less than their proportionate share of the offering, experience an increase (often called accretion) in NAV per share over their investment per share and will also experience a disproportionately greater increase in their participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests due to the offering. The level of accretion will increase as the excess number of shares such stockholder purchases increases. Even a stockholder who overparticipates will, however, be subject to the risk that we may make additional discounted offerings in which such stockholder does not participate, in which case such a stockholder will experience NAV dilution as described above in such subsequent offerings. These stockholders may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

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The following table illustrates the level of dilution and accretion in this offering for a current stockholder that acquires shares equal to (1) 50% of its proportionate share of the offering (i.e., \_\_\_\_\_ shares, which is 0.5% of this offering rather than its 1.0% proportionate share) and (2) 150% of such percentage (i.e., \_\_\_\_\_ shares, which is 1.5% of the offering rather than its 1.0% proportionate share).

	Prior to Sale Below NAV	50% Participation		150% Participation	
		Following Sale	% Change	Following Sale	% Change
<b>Offering Price</b>					
Price per Share to Public	—	\$	—	\$	—
Net Proceeds per Share to Issuer	—	\$	—	\$	—
<b>Decrease/Increase to NAV</b>					
Total Shares Outstanding			%		%
NAV per Share	\$	\$	%	\$	%
<b>Dilution/Accretion to Participating Stockholder</b>					
Shares Held by Stockholder A			%		%
Percentage Held by Stockholder A	%	%	%	%	%
<b>Total Asset Values</b>					
Total NAV Held by Stockholder A	\$	\$	%	\$	%
Total Investment by Stockholder A (Assumed to Be \$ _____ per Share on Shares Held Prior to Sale)	\$	\$	—	\$	
Total Dilution/Accretion to Stockholder A (Total NAV Less Total Investment)	—	\$	—	\$	
<b>Per Share Amounts</b>					
NAV per Share Held by Stockholder A	—	\$	—	\$	
Investment per Share Held by Stockholder A (Assumed to be \$ _____ per Share on Shares Held Prior to Sale)	\$	\$	—	\$	
Dilution/Accretion per Share Held by Stockholder A (NAV per Share Less Investment per Share)	—	\$	—	\$	
Percentage Dilution/Accretion to Stockholder A (Dilution/Accretion per Share Divided by Investment per Share)	—	—	%		%

## Impact On New Investors

Investors who are not currently stockholders and who participate in an offering below NAV but whose investment per share is greater than the resulting NAV per share due to selling compensation and expenses paid by the issuer will experience an immediate decrease, albeit small, in the NAV of their shares and their NAV per share compared to the price they pay for their shares. Investors who are not currently stockholders and who participate in an offering below NAV per share and whose investment per share is also less than the resulting NAV per share due to selling compensation and expenses paid by the issuer being significantly less than the discount per share will experience an immediate increase in the NAV of their shares and their NAV per share compared to the price they pay for their shares. These investors will experience a disproportionately greater participation in our earnings and assets and their voting power than our increase in assets, potential earning power and voting interests. These investors will, however, be subject to the risk that we may make additional discounted offerings in which such new stockholder does not participate, in which case such new stockholder

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will experience dilution as described above in such subsequent offerings. These investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases.

The following table illustrates the level of dilution or accretion for new investors that will be experienced by a new investor who purchases the same percentage (1.0%) of the shares in this offering as the stockholder in the prior examples held immediately prior to this offering. These stockholders or investors may also experience a decline in the market price of their shares, which often reflects to some degree announced or potential increases and decreases in NAV per share. This decrease could be more pronounced as the size of the offering and level of discounts increases. It is not possible to predict the level of market price decline that may occur.

	Prior to Sale Below NAV	Following Sale	% Change
<b>Offering Price</b>			
Price per Share to Public	—	\$	—
Net Proceeds per Share to Issuer	—	\$	—
<b>Decrease/Increase to NAV</b>			
Total Shares Outstanding			%
NAV per Share	\$	\$	%
<b>Dilution/Accretion to New Investor A</b>			
Shares Held by Investor A	—		
Percentage Held by Investor A	—	%	
<b>Total Asset Values</b>			
Total NAV Held by Investor A	—	\$	
Total Investment by Investor A (At Price to Public)	—	\$	
Total Dilution/Accretion to Investor A (Total NAV Less Total Investment)	—	\$	
<b>Per Share Amounts</b>			
NAV per Share Held by Investor A	—	\$	
Investment per Share Held by Investor A	—	\$	
Dilution/Accretion per Share Held by Investor A (NAV per Share Less Investment per Share)	—	\$	
Percentage Dilution/Accretion to Investor A (Dilution per Share Divided by Share)	—	—	%



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### UNDERWRITING

Subject to the terms and conditions of an underwriting agreement dated \_\_\_\_\_, the underwriter named below has agreed to purchase from us the number of securities indicated in the following table.

Name	Number of Shares
------	---------------------

The underwriting agreement provides that the obligations of the underwriter are subject to approval of certain legal matters by counsel, delivery of customary closing certificates and to certain other conditions. The underwriter is obligated to purchase all of the securities listed in the table above if any are purchased.

The underwriter proposes to offer our securities directly to the public at the public offering price set forth on the cover page of this prospectus supplement. Any shares sold by the underwriter to securities dealers will be sold at the public offering price less a selling concession not to exceed \$ \_\_\_\_\_ per share. The underwriter may allow a concession of not more than \$ \_\_\_\_\_ per share to other brokers and dealers.

This offering will conform with the requirements set forth in Rule 2810 of the Conduct Rules of the Financial Industry Regulatory Authority, Inc., or "FINRA."

Other than in the United States, no action has been taken by us or by the underwriter that would permit a public offering of our securities included in this offering in any jurisdiction where action for that purpose is required. The securities included in this offering may not be offered or sold, directly or indirectly, nor may this prospectus supplement or any other offering material or advertisements in connection with the offer and sales of any securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons who receive this prospectus supplement are advised to inform themselves about and to observe any restrictions relating to this offering of our securities and the distribution of this prospectus supplement. This prospectus supplement is not an offer to sell nor a solicitation of any offer to buy any shares of our securities included in this offering in any jurisdiction where that would not be permitted or legal.

The underwriter has advised us that it does not intend to confirm sales to any account over which it exercises discretionary authority.

### Underwriting Discount and Expenses

The following table summarizes the underwriting discount to be paid to the underwriter by us.

	Per Share	Total
Underwriting discount to be paid to the underwriter by us	\$	\$

The maximum commission or discount to be received by any member of FINRA will not be greater than 10% for the sale of any securities being registered, including 0.5% for due diligence. We will pay all expenses of the offering that we incur. We estimate that our total expenses for this offering, excluding the underwriting discount, will be approximately \$ \_\_\_\_\_.

### Indemnification

We have agreed to indemnify the underwriter against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriter may be required to make in respect of any of these liabilities.

### Other Relationships

The underwriter and its affiliates have provided in the past to us, and may from time to time in the future provide, certain commercial banking, financial advisory, investment banking and other services, including

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lending under a line of credit, for which they will be entitled to receive separate fees. The underwriter and its affiliates may from time to time in the future engage in transactions with us and perform services for us or our portfolio companies in the ordinary course of business.

**LEGAL MATTERS**

Certain legal matters will be passed upon for us by Bass, Berry & Sims PLC, Memphis, Tennessee, and Venable LLP, Baltimore, Maryland, will pass upon the legality of certain securities offered by us and certain other matters of Maryland law. Certain legal matters in connection with this offering will be passed upon for the underwriter by .

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP, Raleigh, North Carolina, is the independent public accounting firm for Triangle Capital Corporation.

**AVAILABLE INFORMATION**

We have filed with the SEC a registration statement on Form N-2, together with all amendments and related exhibits, under the Securities Act, with respect to the securities offered by this prospectus supplement. The registration statement contains additional information about us and the securities being offered by this prospectus supplement.

We file with or submit to the SEC annual, quarterly and current periodic reports, proxy statements and other information meeting the informational requirements of the Exchange Act. You may inspect and copy these reports, proxy statements and other information, as well as the registration statement and related exhibits and schedules, at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements and other information filed electronically by us with the SEC which are available on the SEC's website at <http://www.sec.gov>. Copies of these reports, proxy and information statements and other information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549.



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**PROSPECTUS**

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**PART C**  
**Other Information**

**Item 25      *Financial Statements and Exhibits***

(1)    *Financial Statements*

The following financial statements of the Registrant are included in Part A of this Registration Statement:

**Unaudited Financial Statements**

<a href="#">Unaudited Consolidated Balance Sheet as of March 31, 2011 and Consolidated Balance Sheet as of December 31, 2010</a>	F-1
<a href="#">Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2011 and 2010</a>	F-2
<a href="#">Unaudited Consolidated Statements of Changes in Net Assets for the Three Months Ended March 31, 2011 and 2010</a>	F-3
<a href="#">Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2011 and 2010</a>	F-4
<a href="#">Unaudited Consolidated Schedule of Investments as of March 31, 2011</a>	F-5
Consolidated Schedule of Investments as of December 31, 2010	F-12
<a href="#">Notes to Unaudited Consolidated Financial Statements</a>	F-19

**Audited Financial Statements**

<a href="#">Reports of Independent Registered Public Accounting Firm</a>	F-30
<a href="#">Consolidated Balance Sheets as of December 31, 2010 and 2009</a>	F-32
<a href="#">Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008</a>	F-33
<a href="#">Consolidated Statements of Changes in Net Assets for the years ended December 31, 2010, 2009 and 2008</a>	F-34
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008</a>	F-35
<a href="#">Consolidated Schedule of Investments as of December 31, 2010</a>	F-36
<a href="#">Consolidated Schedule of Investments as of December 31, 2009</a>	F-43
<a href="#">Notes to Financial Statements</a>	F-48

(2)    *Exhibits*

- (a)      Articles of Amendment and Restatement of the Registrant (Incorporated by reference to Exhibit (a)(3) to the Registration Statement on Form N-2/N-5, File No. 333-138418, filed on December 29, 2006)
- (b)      Third Amended and Restated Bylaws of the Registrant (Incorporated by reference to Exhibit 3.2 to the Registrant's Quarterly Report for the quarter ended March 31, 2011, filed on May 4, 2011)
- (c)      Not Applicable
- (d)(1)   Form of Common Stock Certificate (Incorporated by reference to Exhibit (d) to Post-Effective Amendment No. 1 to the Registration Statement on Form N-2/N-5, File No. 333-138418, filed on February 15, 2007)
- (d)(2)   Form of Subscription Certificate\*
- (d)(3)   Form of Indenture
- (d)(4)   Form of Subscription Agent Agreement\*
- (d)(5)   Form of Warrant Agreement\*
- (e)      Dividend Reinvestment Plan (Incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007, filed on March 12, 2008)

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- (f)(1) Triangle Mezzanine Fund LLLP debentures guaranteed by the SBA (Incorporated by reference to Exhibits f(1) through f(6) to the Registration Statement on Form N-2, File No. 333-151930, filed on June 25, 2008)
- (f)(2) Agreement to Furnish Certain Instruments (Incorporated by reference to Exhibit (f)(7) to the Registration Statement on Form N-2, File No. 333-151930, filed on June 25, 2008)
- (g) Not Applicable
- (h)(1) Form of Underwriting Agreement for Equity\*
- (h)(2) Form of Underwriting Agreement for Debt\*
- (i)(1) Triangle Capital Corporation Amended and Restated 2007 Equity Incentive Plan (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 9, 2008)
- (i)(2) Triangle Capital Corporation Executive Officer Restricted Share Award Agreement (Incorporated by Reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 filed on March 9, 2011)
- (j)(1) Custodian Agreement between the Registrant and U.S. Bank National Association (Incorporated by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2006, filed on March 29, 2007)
- (j)(2) Amendment to Custody Agreement between the Registrant and U.S. Bank National Association dated February 5, 2008 (Incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007, filed on March 12, 2008)
- (j)(3) Custodian Agreement between the Registrant and Branch Banking and Trust Company dated June 13, 2011
- (k)(1) Stock Transfer Agency Agreement between the Registrant and The Bank of New York (Incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2007, filed on March 12, 2008)
- (k)(2) Office Lease Agreement between 3700 Glenwood LLC and Triangle Capital Corporation dated March 27, 2008 (Incorporated by reference to Exhibit (k)(6) to Pre-Effective Amendment No. 1 to the Registration Statement on Form N-2, File No. 333-151930 filed on August 13, 2008)
- (k)(3) Credit Agreement between the Registrant, Branch Banking and Trust Company, BB&T Capital Markets and Fifth Third Bank dated May 9, 2011 (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed on May 11, 2011)
- (k)(4) General Security Agreement between the Registrant, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 9, 2011 (Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K, filed on May 11, 2011)
- (k)(5) Equity Pledge Agreement between the Registrant, ARC Industries Holdings, Inc., Brantley Holdings, Inc., Energy Hardware Holdings, Inc., Minco Holdings, Inc., Peaden Holdings, Inc., Technology Crops Holdings, Inc. and Branch Banking and Trust Company dated May 9, 2011 (Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K, filed on May 11, 2011)
- (l) Opinion and Consent of Counsel
- (m) Not Applicable
- (n)(1) Consent of Ernst & Young LLP, the independent registered public accounting firm for Registrant
- (n)(2) Report of Ernst & Young LLP regarding the senior security table contained herein
- (n)(3) Consent of Duff & Phelps, LLC (Incorporated by reference to Exhibit (n)(3) to Pre-Effective Amendment No. 2 to the Registration Statement on Form N-2, File No. 333-151930 filed on September 16, 2008)
- (o) Not Applicable

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- (p) Subscription and Investment Letter Agreement between the Registrant and Garland S. Tucker III (Incorporated by reference to Exhibit (p) to the Registration Statement on Form N-2/N-5, File No. 333-138418, filed November 3, 2006)
- (q) Not Applicable
- (r) Triangle Capital Corporation Code of Business Conduct and Ethics (Incorporated by reference to Exhibit 14.1 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2010 filed on March 9, 2011)
- (s) Power of Attorney (included on signature page hereto)

\* To be filed by post-effective amendment.

### **Item 26. Marketing Arrangements**

The information contained under the heading "Plan of Distribution" on this Registration Statement is incorporated herein by reference and any information concerning any underwriters will be contained in the accompanying prospectus supplement, if any.

### **Item 27. Other Expenses of Issuance and Distribution**

SEC registration fee	\$ 58,050
New York Stock Exchange additional listing fee	\$ 200,000*
FINRA fee	\$ 50,500
Accounting fees and expenses	\$ 100,000*
Legal fees and expenses	\$ 500,000*
Printing and engraving	\$ 300,000*
Miscellaneous fees and expenses	\$ 10,000*
Total	\$1,218,550*

\* Estimated for filing purposes.

All of the expenses set forth above shall be borne by the Registrant.

### **Item 28. Persons Controlled By or Under Common Control**

- Triangle Mezzanine Fund LLLP, a North Carolina limited liability limited partnership and wholly-owned subsidiary of the Registrant
- Triangle Mezzanine Fund II LP, a Delaware limited partnership and wholly-owned subsidiary of the Registrant
- New Triangle GP, LLC, a Delaware limited liability company and wholly-owned subsidiary of the Registrant
- New Triangle GP, LLC, a North Carolina limited liability company and wholly-owned subsidiary of the Registrant
- ARC Industries Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant
- Brantley Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant

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- Emerald Waste Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant
- Energy Hardware Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant
- Minco Holdings, Inc., a Delaware Corporation and wholly-owned subsidiary of the Registrant
- Peaden Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant
- Technology Crops Holdings, Inc., a Delaware corporation and wholly-owned subsidiary of the Registrant

In addition, Triangle Capital Corporation may be deemed to control certain portfolio companies. For a more detailed discussion of these entities, see "Portfolio Companies" in the prospectus.

### **Item 29. Number of Holders of Securities**

The following table sets forth the number of record holders of the Registrant's capital stock at June 24, 2011.

<u>Title of Class</u>	<u>Number of Record Holders</u>
Common stock, \$0.001 par value	60

### **Item 30. Indemnification**

Maryland law permits a Maryland corporation to include in its charter a provision limiting the liability of its directors and officers to the corporation and its stockholders for money damages except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty established by a final judgment as being material to the cause of action. Our charter contains such a provision that eliminates directors' and officers' liability to the maximum extent permitted by Maryland law, subject to the requirements of the 1940 Act.

Our charter authorizes us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her service in any such capacity, except with respect to any matter as to which he or she is finally adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in our best interest.

Our bylaws obligate us, to the maximum extent permitted by Maryland law and subject to the requirements of the 1940 Act, to indemnify any present or former director or officer or any individual who, while a director or officer and at our request, serves or has served another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, officer, partner or trustee and who is made, or threatened to be made, a party to the proceeding by reason of his or her service in any such capacity from and against any claim or liability to which that person may become subject or which that person may incur by reason of his or her service in any such capacity. Our bylaws also require us, to the maximum extent permitted by Maryland law, without requiring a preliminary determination of the ultimate entitlement to indemnification, to pay or reimburse reasonable expenses incurred by any such indemnified person in advance of the final disposition of a proceeding.

Maryland law requires a corporation (unless its charter provides otherwise, which our charter does not) to indemnify a director or officer who has been successful in the defense of any proceeding to which he or she is made, or threatened to be made, a party by reason of his or her service in that capacity. Maryland law permits a corporation to indemnify its present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any

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proceeding to which they may be made, or threatened to be made, a party by reason of their service in those or other capacities unless it is established that (a) the act or omission of the director or officer was material to the matter giving rise to the proceeding and (1) was committed in bad faith or (2) was the result of active and deliberate dishonesty, (b) the director or officer actually received an improper personal benefit in money, property or services or (c) in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful. However, under Maryland law, a Maryland corporation may not indemnify for an adverse judgment in a suit by or in the right of the corporation or for a judgment of liability on the basis that a personal benefit was improperly received, unless in either case a court orders indemnification, and then only for expenses. In addition, Maryland law permits a corporation to advance reasonable expenses to a director or officer upon the corporation's receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification by the corporation and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed by the corporation if it is ultimately determined that the standard of conduct was not met.

The Registrant has obtained primary and excess insurance policies insuring our directors and officers against some liabilities they may incur in their capacity as directors and officers. Under such policies, the insurer, on the Registrant's behalf, may also pay amounts for which the Registrant has granted indemnification to the directors or officers.

### **Item 31.      *Business and Other Connections of Investment Adviser***

Not applicable.

### **Item 32.      *Location of Accounts and Records.***

All accounts, books and other documents required to be maintained by Section 31(a) of the Investment Company Act of 1940, and the rules thereunder are maintained at the Registrant's offices at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

### **Item 33.      *Management Services***

Not applicable.

### **Item 34.      *Undertakings***

1. We hereby undertake to suspend any offering of shares until the prospectus or prospectus supplement is amended if: (1) subsequent to the effective date of this registration statement, our net asset value declines more than 10 percent from our net asset value as of the effective date of this registration statement; or (2) our net asset value increases to an amount greater than our net proceeds (if applicable) as stated in the prospectus or prospectus supplement.

2. We hereby undertake:

a. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(1) To include any prospectus required by Section 10(a)(3) of the 1933 Act;

(2) To reflect in the prospectus or prospectus supplement any facts or events after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement; and



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(3) To include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement.

b. For the purpose of determining any liability under the 1933 Act, that each such post-effective amendment to this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of those securities at that time shall be deemed to be the initial *bona fide* offering thereof; and

c. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

d. For the purpose of determining liability under the 1933 Act to any purchaser, that if we are subject to Rule 430C under the 1933 Act: Each prospectus filed pursuant to Rule 497(b), (c), (d) or (e) under the 1933 Act as part of this registration statement relating to an offering shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however*, that no statement made in a registration statement or prospectus or prospectus supplement that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

e. For the purpose of determining liability of the Registrant under the 1933 Act to any purchaser in the initial distribution of securities, that if the securities are offered or sold to such purchaser by means of any of the following communications, we will be a seller to the purchaser and will be considered to offer or sell such securities to the purchaser:

(1) any preliminary prospectus or prospectus or prospectus supplement of us relating to the offering required to be filed pursuant to Rule 497 under the 1933 Act;

(2) the portion of any advertisement pursuant to Rule 482 under the 1933 Act relating to the offering containing material information about us or our securities provided by or on behalf of us; and

(3) any other communication that is an offer in the offering made by us to the purchaser.

f. To file a post-effective amendment to the registration statement, and to suspend any offers or sales pursuant to the registration statement until such post-effective amendment has been declared effective under the 1933 Act, in the event the shares of the Registrant are trading below its net asset value and either (i) the Registrant receives, or has been advised by its independent registered accounting firm that it will receive, an audit report reflecting substantial doubt regarding the Registrant's ability to continue as a going concern; or (ii) the Registrant has concluded that a material adverse change has occurred in its financial position or results of operations that has caused the financial statements and other disclosures on the basis of which the offering would be made to be materially misleading.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and/or the Investment Company Act of 1940, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Raleigh, State of North Carolina, on June 27, 2011.

### TRIANGLE CAPITAL CORPORATION

By: /s/ Garland S. Tucker, III  
Name: Garland S. Tucker, III  
Title: President, Chief Executive Officer & Chairman of  
the Board of Directors

KNOW ALL MEN BY THESE PRESENTS, each person whose signature appears below hereby constitutes and appoints Garland S. Tucker, III, Steven C. Lilly and C. Robert Knox, Jr. his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments and post-effective amendments to this Registration Statement and any registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Garland S. Tucker, III</u> Garland S. Tucker, III	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	June 27, 2011
<u>/s/ Steven C. Lilly</u> Steven C. Lilly	Chief Financial Officer, Treasurer, Secretary and Director (Principal Financial Officer)	June 27, 2011
<u>/s/ Brent P. W. Burgess</u> Brent P. W. Burgess	Chief Investment Officer and Director	June 27, 2011
<u>/s/ C. Robert Knox, Jr.</u> C. Robert Knox, Jr.	Controller (Principal Accounting Officer)	June 27, 2011
<u>/s/ W. McComb Dunwoody</u> W. McComb Dunwoody	Director	June 27, 2011
<u>/s/ Mark M. Gambill</u> Mark M. Gambill	Director	June 27, 2011
<u>/s/ Benjamin S. Goldstein</u> Benjamin S. Goldstein	Director	June 27, 2011

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
<div>/s/ Simon B. Rich, Jr.</div> <div>Simon B. Rich, Jr.</div>	Director	June 27, 2011
<div>/s/ Sherwood H. Smith, Jr.</div> <div>Sherwood H. Smith, Jr.</div>	Director	June 27, 2011

**TRIANGLE CAPITAL CORPORATION**

**(Issuer)**

**and**

**(Trustee)**

**Form of Indenture**

**Dates as of \_\_\_\_\_ ,**

**Providing for the Issuance**

**of**

**Debt Securities**

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INDENTURE, dated as of \_\_\_\_\_, \_\_\_\_\_, between Triangle Capital Corporation, a Maryland corporation (the "Company"), and \_\_\_\_\_, as Trustee (as trustee in such capacity and not in its individual capacity, the "Trustee").

## **RECITALS OF THE COMPANY**

WHEREAS, the Company deems it necessary to issue from time to time for its lawful purposes debt securities (hereinafter called the "Securities") evidencing its secured or unsecured indebtedness, which may or may not be convertible into or exchangeable for any securities of any Person (including the Company), and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Securities, to be issued in one or more series, unlimited as to principal amount, to bear such rates of interest, to mature at such times and to have such other provisions as shall be fixed as hereinafter provided;

WHEREAS, this Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions; and

WHEREAS, all things necessary to make this Indenture a valid and legally binding agreement of, and enforceable against, the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, or of a series thereof, as follows:

## **ARTICLE I. DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION**

### **Section 1.01 Definitions.**

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

- (a) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular and, pursuant to Section 3.01, any such item may, with respect to any particular series of Securities, be amended or modified or specified as being inapplicable;
- (b) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein, and the terms "cash transaction" and "self-liquidating paper", as used in Section 311 of the Trust Indenture Act, shall have the meanings assigned to them in the rules of the Commission adopted under the Trust Indenture Act;
- (c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States of America;
- (d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(e) "or" is not exclusive;

(f) provisions apply to successive events and transactions; and

(g) references to sections of or rules under the Securities Exchange Act of 1934, as amended, shall be deemed to include substitute, replacement of successor sections or rules adopted by the Commission from time to time.

Certain terms, used in other Articles herein, are defined in those Articles.

"Act", when used with respect to any Holder of a Security, has the meaning specified in Section 1.04.

"Additional Amounts" means any additional amounts that are required by a Security or by or pursuant to a Board Resolution, under circumstances specified therein, to be paid by the Company in respect of certain taxes imposed on certain Holders and that are owing to such Holders.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any authenticating agent appointed by the Trustee pursuant to Section 6.12 to act on behalf of the Trustee to authenticate Securities of one or more series.

"Authorized Newspaper" means a newspaper, in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

"Bankruptcy Law" has the meaning specified in Section 5.01.

"Board of Directors" means the board of directors of the Company or any committee of that board duly authorized to act hereunder.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in that Place of Payment or particular location are authorized or obligated by law or executive order to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

"Company" means the Person named as the "Company" in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation.

"Company Request" and "Company Order" mean, respectively, a written request or order signed in the name of the Company by the Chairman, the Chief Executive Officer or any Vice President, and by the Chief Financial Officer, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

"Component Currency" has the meaning specified in Section 3.12(h).

"Conversion Date" has the meaning specified in Section 3.12(d).

"Conversion Event" means the cessation of use of (i) a Foreign Currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the Euro both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit (or composite currency) other than the Euro for the purposes for which it was established.

"Corporate Trust Office" means the office of the Trustee at which, at any particular time, its corporate trust business shall be principally administered, which office at the date hereof is located at [ ]; provided that for purposes of presentment or surrender of securities for transfer or payment or exchange, such office is located at [ ], or such other address as the Trustee may designate from time to time by notice to the Holders and the Issuer, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

"Corporation" includes corporations, associations, companies and business trusts.

"Currency" means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the Euro, issued by the government of one or more countries or by any reorganized confederation or association of such governments.

"Default" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"Defaulted Interest" has the meaning specified in Section 3.07(a).

"Dollar" or "\$" means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

"Euro" means the official currency of the eurozone.

"Election Date" has the meaning specified in Section 3.12(h).

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"European Communities" means the European Union.

"European Monetary System" means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Communities.

"Event of Default" has the meaning specified in Section 5.01.

"Exchange Rate Agent", with respect to Securities of or within any series, means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, a \_\_\_\_\_ bank designated pursuant to Section 3.01 or Section 3.13.

"Exchange Rate Officer's Certificate" means a certificate setting forth (i) the applicable Market Exchange Rate or the applicable bid quotation and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 3.02 in the relevant Currency), payable with respect to a Security of any series on the basis of such Market Exchange Rate or the applicable bid quotation signed by the Chief Financial Officer or any Vice President of the Company.

"Extension Notice" has the meaning specified in Section 3.08.

"Extension Period" has the meaning specified in Section 3.08.

"Final Maturity" has the meaning specified in Section 3.08.

"Foreign Currency" means any Currency other than the U.S. dollar, including, the Euro.

"Government Obligations" means securities that are (i) direct obligations of the United States of America or the government which issued the Foreign Currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government that issued the Foreign Currency in which the Securities of such series are payable, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

"Holder" means the Person in whose name a Security is registered in the Security Register.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 3.01; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, "Indenture" shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the

applicable provisions hereof and shall include the terms of the or those particular series of Securities for which such Person is Trustee established as contemplated by Section 3.01, exclusive, however, of any provisions or terms that relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

"Indexed Security" means a Security as to which all or certain interest payments and/or the principal amount payable at Maturity are determined by reference to prices, changes in prices, or differences between prices, of securities, Currencies, intangibles, goods, articles or commodities or by such other objective price, economic or other measures as are specified in Section 3.01 hereof.

"Interest", when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, means interest payable after Maturity, and, when used with respect to a Security which provides for the payment of Additional Amounts pursuant to Section 10.04, includes such Additional Amounts.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Junior Subordinated Security" or "Junior Subordinated Securities" means any Security or Securities designated pursuant to Section 3.01 as a Junior Subordinated Security.

"Junior Subordinated Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company (including indebtedness of others guaranteed by the Company), whether outstanding on the date hereof or thereafter created, incurred, assumed or guaranteed, for money borrowed, which in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such indebtedness ranks junior in right of payment to the Company's Senior Indebtedness and Senior Subordinated Indebtedness and equally and pari passu in right of payment to any other Junior Subordinated Indebtedness, (ii) Junior Subordinated Securities and (iii) renewals, extensions, modifications and refinancings of any such indebtedness.

"Market Exchange Rate" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, (i) for any conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 3.01 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon buying rate for such Foreign Currency for cable transfers quoted in \_\_\_\_\_ as certified for customs purposes by \_\_\_\_\_ and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either \_\_\_\_\_, \_\_\_\_\_ or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 3.01, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of \_\_\_\_\_ as of the most recent available date, or quotations from one or more major banks in \_\_\_\_\_, \_\_\_\_\_ or other principal market for such currency or currency unit in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency or currency unit by reason of foreign exchange regulations or

otherwise, the market to be used in respect of such currency or currency unit shall be that upon which a nonresident issuer of securities designated in such currency or currency unit would purchase such currency or currency unit in order to make payments in respect of such securities as determined by the Exchange Rate Agent, in its sole discretion.

"Maturity", when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption, notice of option to elect repayment, notice of exchange or conversion or otherwise.

"Notice of Default" has the meaning provided in Section 5.01.

"Officers' Certificate" means a certificate signed by the Chairman, the Chief Executive Officer or any Vice President and by the Chief Financial Officer, the Secretary or an Assistant Secretary of the Company and delivered to the Trustee.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company or who may be an employee of or other counsel for the Company.

"Optional Reset Date" has the meaning specified in Section 3.07(b).

"Original Issue Discount Security" means any Security that provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02.

"Original Stated Maturity" has the meaning specified in Section 3.08.

"Outstanding", when used with respect to Securities or any series of Securities, means, as of the date of determination, all Securities or all Securities of such series, as the case may be, theretofore authenticated and delivered under this Indenture, except:

- (i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder, money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities, provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;
- (iii) Securities, except to the extent provided in Sections 14.02 and 14.03, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article Fourteen; and
- (iv) Securities that have been paid pursuant to Section 3.06 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a protected purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, and for the purpose of making the calculations required by TIA Section 313, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the date such Security is originally issued by the Company as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security or Indexed Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (i) above or (iii) below, respectively) of such Security, (iii) the principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 3.01, and (iv) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (or premium, if any) or interest, if any, on any Securities on behalf of the Company.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof, or any other entity.

"Place of Payment", when used with respect to the Securities of or within any series, means the place or places where the principal of (and premium, if any) and interest, if any, on such Securities are payable as specified and as contemplated by Sections 3.01 and 10.02.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.06 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security.

"Redemption Date", when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security that is registered in the Security Register.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Registered Securities of or within any series means the date specified for that purpose as contemplated by Section 3.01, whether or not a Business Day.

"Repayment Date" means, when used with respect to any Security to be repaid at the option of the Holder, means the date fixed for such repayment by or pursuant to this Indenture.

"Repayment Price" means, when used with respect to any Security to be repaid at the option of the Holder, means the price at which it is to be repaid by or pursuant to this Indenture.

"Reset Notice" has the meaning specified in Section 3.07(b).

"Responsible Officer", when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters and who shall have direct responsibility for the administration of this Indenture.

"Security" or "Securities" has the meaning stated in the first recital of this Indenture and, more particularly, means any Security or Securities authenticated and delivered under this Indenture; provided, however, that, if at any time there is more than one Person acting as Trustee under this Indenture, "Securities" with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.05.

"Senior Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company (including indebtedness of others guaranteed by the Company), whether outstanding on the date hereof or thereafter created, incurred, assumed or guaranteed, for money borrowed, unless in the instrument creating or evidencing the same or under which the same is outstanding it is provided that such indebtedness is not senior or prior in right of payment to Subordinated Indebtedness, (ii) Senior Securities and (iii) renewals, extensions, modifications and refinancings of any such indebtedness.

"Senior Security" or "Senior Securities" means any Security or Securities designated pursuant to Section 3.01 as a Senior Security.

"Senior Subordinated Indebtedness" means the principal of (and premium, if any) and unpaid interest on (i) indebtedness of the Company (including indebtedness of others guaranteed by the Company), whether outstanding on the date hereof or thereafter created, incurred, assumed or guaranteed, for money borrowed, that in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such indebtedness ranks junior in right of payment to the Company's Senior Indebtedness, equally and pari passu in right of payment with all other Senior Subordinated Indebtedness and senior in right of payment to any Junior Subordinated Indebtedness, (ii) Senior Subordinated Securities and (iii) renewals, extensions, modifications and refinancings of any such indebtedness.

"Senior Subordinated Security" or "Senior Subordinated Securities" means any Security or Securities designated pursuant to Section 3.01 as a Senior Subordinated Security.



"Special Record Date" for the payment of any Defaulted Interest on the Registered Securities of or within any series means a date fixed by the Trustee pursuant to Section 3.07.

"Specified Amount" has the meaning specified in Section 3.12(h).

"Stated Maturity", when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable, as such date may be extended pursuant to the provisions of Section 3.08.

"Subordinated Indebtedness" means any Senior Subordinated Indebtedness or Junior Subordinated Indebtedness.

"Subsequent Interest Period" has the meaning specified in Section 3.07(b).

"Subsidiary" means (i) any corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries of the Company, (ii) any other Person (other than a corporation) in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof has a majority ownership interest or (iii) a partnership in which such Person or a Subsidiary of such Person is, at the time, a general partner and in which such Person, directly or indirectly, at the date of determination thereof has a majority ownership interest. For the purposes of this definition, "voting stock" means stock having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"Trust Indenture Act" or "TIA" means the Trust Indenture Act of 1939, as amended, as in force at the date as of which this Indenture was executed, except as provided in Section 9.05.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

"United States" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

"United States person" means, unless otherwise specified with respect to any Securities pursuant to Section 3.01, any individual who is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States, any state thereof or the District of Columbia (other than a partnership that is not treated as a United States Person under any applicable Treasury regulations), any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. Notwithstanding the preceding sentence, to the extent provided in the Treasury regulations, certain trusts in existence on August 20, 1996, and treated as United States persons prior to such date that elect to continue to be treated as United States Persons, will also be United States persons.

"Valuation Date" has the meaning specified in Section 3.12(c).

"Yield to Maturity" means the yield to maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with generally accepted United States bond yield computation principles.

**Section 1.02 Compliance Certificates and Opinions.**

Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Section 10.05) shall include:

(a) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual signing the certificate or opinion has made such examination or investigation as is necessary to enable such individual to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

**Section 1.03 Form of Documents Delivered to Trustee.**

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion as to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, or a certificate or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the opinion, certificate or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such Opinion of Counsel or certificate or representations may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information as to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

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**Section 1.04 Acts of Holders.**

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company and any agent of the Trustee or the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 15.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him or her the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner that the Trustee deems reasonably sufficient.

(c) The ownership of Registered Securities shall be proved by the Security Register.

(d) If the Company shall solicit from the Holders of Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, in or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date \_\_\_\_ days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date.

(e) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, any Security Registrar, any Paying Agent, any Authenticating Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

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**Section 1.05 Notices, Etc., to Trustee and Company.**

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(i) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid or sent via overnight courier guaranteeing next day delivery or same day messenger service to the Trustee at its Corporate Trust Office, Attention: [            ], or

(ii) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or sent via overnight courier guaranteeing next day delivery or same day messenger service, to the Company, to the attention of its Chief Financial Officer at 3700 Glenwood Avenue, Suite 530, Raleigh, North Carolina 27612.

The Company or the Trustee, by notice to the other, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) \_\_\_\_\_ Business Days after being deposited in the mail, postage prepaid; and (iii) the \_\_\_\_\_ Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

**Section 1.06 Notice to Holders; Waiver.**

Where this Indenture provides for notice of any event to Holders of Registered Securities by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or by overnight courier guaranteeing next day delivery to each such Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. In any case where notice to Holders of Registered Securities is given by mail or by overnight courier guaranteeing next day delivery, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities. Any notice mailed or sent to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

If by reason of the suspension of or irregularities in regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification to Holders of Registered Securities as shall be made with the approval of the Trustee shall constitute a sufficient notification to such Holders for every purpose hereunder.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

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**Section 1.07 Effect of Headings and Table of Contents.**

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

**Section 1.08 Successors and Assigns.**

All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

**Section 1.09 Separability Clause.**

In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 1.10 Benefits of Indenture.**

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto, any Security Registrar, any Paying Agent, any Authenticating Agent and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

**Section 1.11 Governing Law.**

This Indenture and the Securities shall be governed by and construed in accordance with the law of the State of \_\_\_\_\_. This Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

**Section 1.12 Legal Holidays.**

In any case where any Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or any Security other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section), payment of principal (or premium, if any) or interest, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, Repayment Date or sinking fund payment date, or at the Stated Maturity or Maturity; provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

**Section 1.13 Submission to Jurisdiction.**

The Company hereby irrevocably submits to the non-exclusive jurisdiction of any \_\_\_\_\_ State or federal court sitting in The City of \_\_\_\_\_ in any action or proceeding arising out of or relating to the Indenture and the Securities of any series, and the Company hereby irrevocably agrees that all

claims in respect of such action or proceeding may be heard and determined in such \_\_\_\_\_ State or federal court. The Company hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding.

## **ARTICLE II. SECURITIES FORMS**

### **Section 2.01 Forms of Securities.**

The Registered Securities of each series, the temporary global Securities of each series, if any, and the permanent global Securities of each series, if any, to be endorsed thereon shall be in substantially the forms as shall be established in one or more indentures supplemental hereto or approved from time to time by or pursuant to a Board Resolution in accordance with Section 3.01, shall have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities may be listed, or to conform to usage.

The definitive Securities shall be printed, lithographed or engraved or produced by any combination of these methods on a steel engraved border or steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities, as evidenced by their execution of such Securities.

### **Section 2.02 Form of Trustee's Certificate of Authentication.**

Subject to Section 6.11, the Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

as Trustee

By: \_\_\_\_\_  
Authorized Officer

### **Section 2.03 Securities Issuable in Global Form.**

If Securities of or within a series are issuable in global form, as specified as contemplated by Section 3.01, then, notwithstanding clause (viii) of Section 3.01 and the provisions of Section 3.02, any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges. Any endorsement of a Security in global form to reflect the amount or any increase or decrease in the amount of Outstanding Securities represented thereby shall be made by the Trustee or the Security Registrar in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the

Company Order to be delivered to the Trustee pursuant to Section 3.03 or 3.04. Subject to the provisions of Section 3.03 and, if applicable, Section 3.04, the Trustee or the Security Registrar shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 3.03 or 3.04 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement, delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of Section 3.03 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee or the Security Registrar the Security in global form together with written instructions (which need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of Section 3.03.

Notwithstanding the provisions of Section 3.07, unless otherwise specified as contemplated by Section 3.01, payment of principal of (and premium, if any) and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 3.09 and except as provided in the preceding paragraph, the Company, the Trustee and any agent of the Company and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security (i) in the case of a permanent global Security in registered form, the Holder of such permanent global Security in registered form or (ii) in the case of a permanent global Security in bearer form, \_\_\_\_\_.

### **ARTICLE III. THE SECURITIES**

#### **Section 3.01 Amount Unlimited; Issuable in Series.**

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series and shall be designated as Senior Securities, Senior Subordinated Securities or Junior Subordinated Securities. Senior Securities are unsubordinated, shall rank equally and pari passu with all of the Company's Senior Indebtedness and senior to all Subordinated Securities. Senior Subordinated Securities shall rank junior to the Company's Senior Indebtedness, equally and pari passu with all other Senior Subordinated Indebtedness and senior to any Junior Subordinated Indebtedness. Junior Subordinated Securities shall rank junior to the Company's Senior Indebtedness and any Senior Subordinated Indebtedness and equally and pari passu with all other Junior Subordinated Indebtedness. There shall be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions and, subject to Section 3.03, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which (except for the matters set forth in clauses (i), (ii) and (xv) below), if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series when issued from time to time):

(i) the title of the Securities of the series including CUSIP numbers (which shall distinguish the Securities of such series from all other series of Securities);

(ii) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.04, 3.05, 3.06, 9.06, 11.07 or 13.05, and except for any Securities which, pursuant to Section 3.03, are deemed never to have been authenticated and delivered hereunder);

(iii) the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of the Securities of the series shall be payable;

(iv) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest will be payable and the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which such date shall be determined, and the basis upon which such interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(v) the place or places, if any, other than or in addition to the \_\_\_\_\_, The City of \_\_\_\_\_, where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable, any Registered Securities of the series may be surrendered for registration of transfer, Securities of the series may be surrendered for exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon the Company in respect of the Securities of the series and this Indenture may be served;

(vi) the period or periods within which, or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have the option;

(vii) the obligation, if any, of the Company to redeem, repay or purchase Securities of the series pursuant to any sinking fund or analogous provision or at the option of a Holder thereof, and the period or periods within which or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(viii) if other than denominations of \$\_\_\_\_\_ and any integral multiple thereof, the denomination or denominations in which any Registered Securities of the series shall be issuable;

(ix) if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

(x) if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of



the Maturity thereof pursuant to Section 5.02, upon redemption of the Securities of the series which are redeemable before their Stated Maturity, upon surrender for repayment at the option of the Holder, or which the Trustee shall be entitled to claim pursuant to Section 5.04 or the method by which such portion shall be determined;

(xi) if other than Dollars, the Currency or Currencies in which payment of the principal of (or premium, if any) or interest, if any, on the Securities of the series shall be made or in which the Securities of the series shall be denominated and the particular provisions applicable thereto in accordance with, in addition to or in lieu of any of the provisions of Section 3.12;

(xii) whether the amount of payments of principal of (or premium, if any) or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on one or more Currencies, commodities, equity indices or other indices), and the manner in which such amounts shall be determined;

(xiii) whether the principal of (or premium, if any) or interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in one or more Currencies other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the Currency or Currencies in which such Securities are denominated or stated to be payable and the Currency or Currencies in which such Securities are to be paid, in each case in accordance with, in addition to or in lieu of any of the provisions of Section 3.12;

(xiv) provisions, if any, granting special rights to the Holders of Securities of the series, including with respect to any collateral securing such Securities;

(xv) any deletions from, modifications of or additions to the Events of Default or covenants (including any deletions from, modifications of or additions to any of the provisions of Section 10.07) of the Company with respect to Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(xvi) whether any Securities of the series are to be issuable initially in temporary global form with or without coupons and whether any Securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 3.05;

(xvii) the date as of which any temporary global Security representing Outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(xviii) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date

for such interest, and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 3.04; and the extent to which, or the manner in which, any interest payable on a permanent global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 3.07;

(xix) the applicability, if any, of Sections 14.02 and/or 14.03 to the Securities of the series and any provisions in modification of, in addition to or in lieu of any of the provisions of Article Fourteen;

(xx) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions;

(xxi) whether, under what circumstances and the Currency in which, the Company will pay Additional Amounts as contemplated by Section 10.04 on the Securities of the series to any Holder who is not a United States Person (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the Company will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(xxii) the designation of the initial Exchange Rate Agent, if any;

(xxiii) if the Securities of the series are to be issued upon the exercise of warrants, the time, manner and place for such Securities to be authenticated and delivered;

(xxiv) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Company), the terms and conditions upon which such Securities will be so convertible or exchangeable;

(xxv) If the Securities of the series are to be listed on a securities exchange, the name of such exchange; and

(xxvi) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture or the requirements of the Trust Indenture Act), including, but not limited to, secured Securities and guarantees of Securities.

(xxvii) All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series.

(xxviii) If any of the terms of the Securities of any series are established by action taken pursuant to one or more Board Resolutions, a copy of an appropriate record of such action(s) shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the Securities of such series.

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**Section 3.02 Denominations.**

The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 3.01. With respect to Securities of any series denominated in Dollars, in the absence of any such provisions with respect to the Securities of any series, the Registered Securities of such series, other than Registered Securities issued in global form (which may be of any denomination) shall be issuable in denominations of \$\_\_\_\_\_ and any integral multiple thereof.

**Section 3.03 Execution, Authentication, Delivery and Dating.**

The Securities shall be executed on behalf of the Company by its Chairman, the Chief Executive Officer, the Chief Financial Officer or one of its Vice Presidents, under its corporate seal reproduced thereon, and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Securities.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company, to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities. If all the Securities of any series are not to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining the terms of particular Securities of such series, such as interest rate, maturity date, date of issuance and date from which interest shall accrue. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to TIA Section 315(a) through 315(d)) shall be fully protected in relying upon,

(a) an Opinion of Counsel stating,

(i) that the form or forms of such Securities have been established in conformity with the provisions of this Indenture;

(ii) that the terms of such Securities have been established in conformity with the provisions of this Indenture; and

(iii) that such Securities, when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities; and

(b) an Officers' Certificate stating, to the best of the knowledge of the signers of such certificate, that no Event of Default with respect to any of the Securities shall have occurred and be continuing.

Notwithstanding the provisions of Section 3.01 and of this Section 3.03, if all the Securities of any series are not to be issued at one time, it shall not be necessary to deliver an Officers' Certificate otherwise required pursuant to Section 3.01 or the Company Order, Opinion of Counsel or Officers' Certificate otherwise required pursuant to the preceding paragraph at the time of issuance of each Security of such series, but such order, opinion and certificates, with appropriate modifications to cover such future issuances, shall be delivered at or before the time of issuance of the first Security of such series.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, obligations or immunities under the Securities and this Indenture or otherwise in a manner that is not reasonably acceptable to the Trustee. Notwithstanding the generality of the foregoing, the Trustee will not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it would be unable to perform its duties with respect to such Securities.

Each Registered Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee or an Authenticating Agent by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.10 together with a written statement (which need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

#### **Section 3.04 Temporary Securities.**

(a) Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form, or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form (which shall be exchanged in accordance with Section 3.04(b) or as otherwise provided in or pursuant to a Board Resolution), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more

temporary Securities of any series, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount and like tenor of definitive Securities of the same series of authorized denominations. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

### **Section 3.05 Registration, Registration of Transfer and Exchange.**

The Company shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency of the Company in a Place of Payment a register for each series of Securities (the registers maintained in such office or in any such office or agency of the Company in a Place of Payment being herein sometimes referred to collectively as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and of transfers of Registered Securities. The Security Register shall be in written form or any other form capable of being converted into written form within a reasonable time. The Trustee, at its Corporate Trust Office, is hereby initially appointed "Security Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities on such Security Register as herein provided, and for facilitating exchanges of temporary global Securities for permanent global Securities or definitive Securities, or both, or of permanent global Securities for definitive Securities, or both, as herein provided. In the event that the Trustee shall cease to be Security Registrar, it shall have the right to examine the Security Register at all reasonable times.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount, bearing a number not contemporaneously outstanding and containing identical terms and provisions.

At the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denomination or denominations and of a like aggregate principal amount, containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at any such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities that the Holder making the exchange is entitled to receive.

Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities that the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 3.01, any permanent global Security shall be exchangeable only as provided in this paragraph. If any beneficial owner of an interest in a permanent global Security is entitled to exchange such interest for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 3.01 and provided that any applicable notice provided in the permanent global Security shall have been given, then without unnecessary delay but in any event not later than the earliest date on which such interest may be so exchanged, the Company shall deliver to the Trustee definitive Securities in aggregate principal amount equal to the principal amount of such beneficial owner's interest in such permanent global Security, executed by the Company. On or after the earliest date on which such interests may be so exchanged, such permanent global Security shall be surrendered by \_\_\_\_\_ of a depositary or common depositary or such other depositary as shall be specified in the Company Order with respect thereto to the Trustee, as the Company's agent for such

purpose, or to the Security Registrar, to be exchanged, in whole or from time to time in part, for definitive Securities of the same series without charge and the Trustee shall authenticate and deliver, in exchange for each portion of such permanent global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such permanent global Security to be exchanged; provided, however, that no such exchanges may occur during a period beginning at the opening of business \_\_\_\_ days before any selection of Securities to be redeemed and ending on the relevant Redemption Date if the Security for which exchange is requested may be among those selected for redemption. If a Registered Security is issued in exchange for any portion of a permanent global Security after the close of business at the office or agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest or interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such permanent global Security is payable in accordance with the provisions of this Indenture.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar or any transfer agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney or any transfer agent duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company or the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.04, 9.06, 11.07 or 13.05 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange any Security if such Security may be among those selected for redemption during a period beginning at the opening of business \_\_\_\_ days before selection of the Securities to be redeemed under Section 11.03 and ending at the close of business on the day of the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except, in the case of any Registered Security to be redeemed in part, the portion thereof not to be redeemed or (iii) to issue, register the transfer of or exchange any Security that has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

#### **Section 3.06 Mutilated, Destroyed, Lost and Stolen Securities.**

If any mutilated Security is surrendered to the Trustee or the Company, together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them or any agent of either of them harmless, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a protected purchaser, the Company shall, subject to the following paragraph, execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding.

Notwithstanding the provisions of the previous two paragraphs, in case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

### **Section 3.07 Payment of Interest; Interest Rights Preserved; Optional Interest Reset.**

(a) Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 3.01, interest, if any, on any Registered Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 10.02; provided, however, that each installment of interest, if any, on any Registered Security may at the Company's option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 3.09, to the address of such Person as it appears on the Security Register or (ii) transfer to an account maintained by the payee located in the United States.

Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 3.01, any interest on any Registered Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (i) or (ii) below:

(i) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner.

The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment (which shall not be less than \_\_\_\_ days after such notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than \_\_\_\_ days and not less than \_\_\_\_ days prior to the date of the proposed payment and not less than \_\_\_\_ days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Security Register not less than \_\_\_\_ days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (ii).

(ii) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause (and certification by the Company that the proposed manner of payment complies with the requirements of this clause (ii)), such manner of payment shall be deemed practicable by the Trustee.

(b) The provisions of this Section 3.07(b) may be made applicable to any series of Securities pursuant to Section 3.01 (with such modifications, additions or substitutions as may be specified pursuant to such Section 3.01). The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an "Optional Reset Date"). The Company may exercise such option with respect to such Security by notifying the Trustee of such exercise at least \_\_\_\_ but not more than \_\_\_\_ days prior to an Optional Reset Date for such Security. Not later than \_\_\_\_ days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 1.06, to the Holder of any such Security a notice (the "Reset Notice") indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity of such Security (each such period a "Subsequent Interest Period"), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.



Notwithstanding the foregoing, not later than \_\_\_\_ days prior to the Optional Reset Date (or if \_\_\_\_ days does not fall on a Business Day, the next succeeding Business Day), the Company may, at its option, revoke the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish a higher interest rate (or a spread or spread multiplier providing for a higher interest rate, if applicable) for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 1.06, notice of such higher interest rate (or such higher spread or spread multiplier providing for a higher interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such higher spread or spread multiplier providing for a higher interest rate, if applicable).

The Holder of any such Security will have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least \_\_\_\_ but not more than \_\_\_\_ days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the \_\_\_\_ day before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 3.05, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Security.

### **Section 3.08 Optional Extension of Maturity.**

The provisions of this Section 3.08 may be made applicable to any series of Securities pursuant to Section 3.01 (with such modifications, additions or substitutions as may be specified pursuant to such Section 3.01). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an "Extension Period") up to but not beyond the date (the "Final Maturity") set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least \_\_\_\_ but not more than \_\_\_\_ days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the "Original Stated Maturity"). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 1.06, to the Holder of such Security not later than \_\_\_\_ days prior to the Original Stated Maturity a notice (the "Extension Notice"), prepared by the Company, indicating (i) the election of the Company to extend the Stated Maturity, (ii) the new Stated Maturity, (iii) the interest rate (or spread, spread multiplier or other formula to calculate such interest rate, if applicable), if any, applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than \_\_\_\_ days before the Original Stated Maturity (or if \_\_\_\_ days does not fall on a Business Day, the next succeeding Business Day) of such Security, the Company may, at its option, revoke the interest rate (or spread, spread multiplier or other formula to

calculate such interest rate, if applicable) provided for in the Extension Notice and establish a higher interest rate (or spread, spread multiplier or other formula to calculate such higher interest rate, if applicable) for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 1.06, notice of such higher interest rate (or spread, spread multiplier or other formula to calculate such interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Stated Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Stated Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least \_\_\_\_\_ but not more than \_\_\_\_\_ days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the \_\_\_\_\_ day before the Original Stated Maturity.

### **Section 3.09 Persons Deemed Owners.**

Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 3.05 and 3.07) interest, if any, on such Registered Security and for all other purposes whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notwithstanding the foregoing, with respect to any global temporary or permanent Security, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any depositary, as a Holder, with respect to such global Security or impair, as between such depositary and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such depositary (or its nominee) as Holder of such global Security.

### **Section 3.10 Cancellation.**

All Securities surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee, and any such Securities surrendered directly to the Trustee for any such purpose shall be promptly cancelled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so

delivered shall be promptly cancelled by the Trustee. If the Company shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. Cancelled Securities held by the Trustee shall be destroyed by the Trustee in accordance with its customary procedures, unless by a Company Order the Company directs the Trustee to deliver a certificate of such destruction to the Company or to return them to the Company.

**Section 3.11 Computation of Interest.**

Except as otherwise specified as contemplated by Section 3.01 with respect to Securities of any series, interest, if any, on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

**Section 3.12 Currency and Manner of Payments in Respect of Securities.**

(a) Unless otherwise specified with respect to any Securities pursuant to Section 3.01, with respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered Security of such series will be made in the Currency in which such Registered Security is payable. The provisions of this Section 3.12 may be modified or superseded with respect to any Securities pursuant to Section 3.01.

(b) It may be provided pursuant to Section 3.01 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee for such series of Registered Securities a written election with signature guarantees and in the applicable form established pursuant to Section 3.01, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee for such series of Registered Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article Four or Fourteen or with respect to which a notice of redemption has been given by the Company or a notice of option to elect repayment has been sent by such Holder or such transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee of such series of Registered Securities not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 3.12(a). The Trustee for each such series of Registered Securities shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 3.01, if the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01, then, unless otherwise specified pursuant to Section 3.01, not later than the \_\_\_\_\_ Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Company a

written notice specifying the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 3.01, on the \_\_\_\_\_ Business Day preceding such payment date the Company will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency or Currencies payments to be made on such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar or Foreign Currency or Currencies amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the \_\_\_\_\_ Business Day (the "Valuation Date") immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the "Conversion Date"), the Dollar shall be the currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 3.01, the Dollar amount to be paid by the Company to the Trustee of each such series of Securities and by such Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 3.01, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) of this Section 3.12.

(f) The "Dollar Equivalent of the Foreign Currency" shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The "Dollar Equivalent of the Currency Unit" shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 3.12, the following terms shall have the following meanings:

A “Component Currency” shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit.

A “Specified Amount” of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division, and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, a Conversion Event (other than any event referred to above in this definition of “Specified Amount”) occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

An “Election Date” shall mean the Regular Record Date for the applicable series of Registered Securities or at least \_\_\_\_ days prior to Maturity, as the case may be, or such other prior date for any series of Registered Securities as specified pursuant to clause (xiii) of Section 3.01 by which the written election referred to in Section 3.12(b) may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee for the appropriate series of Securities and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee for the appropriate series of Securities of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will immediately give written notice thereof and of the applicable Conversion Date to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 1.06 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to the Euro or any other currency unit in which Securities are denominated or payable, the Company will immediately give written notice thereof to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 1.06 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

**Section 3.13 Appointment and Resignation of Successor Exchange Rate Agent.**

(a) Unless otherwise specified pursuant to Section 3.01, if and so long as the Securities of any series (i) are denominated in a Foreign Currency or (ii) may be payable in a Foreign Currency, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least \_\_\_\_ Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 3.01 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Foreign Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 3.12.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 3.01, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same Currency).

**Section 3.14 CUSIP Numbers.**

In issuing the Securities the Company may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall indicate the respective CUSIP numbers of the Securities in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall advise the Trustee as promptly as practicable in writing of any change in the CUSIP numbers.

**ARTICLE IV.  
SATISFACTION AND DISCHARGE**

**Section 4.01 Satisfaction and Discharge of Indenture.**

Except as set forth below, this Indenture shall upon Company Request cease to be of further effect with respect to any series of Securities specified in such Company Request (except as to any

surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein or pursuant hereto, any surviving rights of tender for repayment at the option of the Holders and any right to receive Additional Amounts, as provided in Section 10.04), and the Trustee, upon receipt of a Company Order, and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series when

(a) either

(i) all Securities of such series theretofore authenticated and delivered have been delivered to the Trustee for cancellation; or

(ii) Securities of such series

(1) have become due and payable, or

(2) will become due and payable at their Stated Maturity within one year, or

(3) if redeemable at the option of the Company, are to be called for redemption within \_\_\_\_\_ under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose, solely for the benefit of the Holders, an amount in the Currency in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Company has irrevocably paid or caused to be irrevocably paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and any predecessor Trustee under Section 6.06, the obligations of the Company to any Authenticating Agent under Section 6.12 and, if money shall have been deposited with the Trustee pursuant to subclause (ii) of clause (a) of this Section, the obligations of the Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive any termination of this Indenture.

#### **Section 4.02 Application of Trust Funds.**

Subject to the provisions of the last paragraph of Section 10.03, all money deposited with the Trustee pursuant to Section 4.01 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with or received by the Trustee, but such money need not be segregated from other funds except to the extent required by law.

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**ARTICLE V.  
REMEDIES**

**Section 5.01 Events of Default.**

“Event of Default”, wherever used herein with respect to any particular series of Securities, means any one of the following events (whatever the reason for such Event of Default and whether or not it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless it is either inapplicable to a particular series or is specifically deleted or modified in or pursuant to the supplemental indenture or a Board Resolution establishing such series of Securities or is in the form of Security for such series:

(i) default in the payment of any interest upon any Security when such interest becomes due and payable, and continuance of such default for a period of \_\_\_\_\_ days; or

(ii) default in the payment of the principal of (or premium, if any) any Security of that series when it becomes due and payable at its Maturity, and continuance of such default for a period of \_\_\_\_\_ days; or

(iii) default in the deposit of any sinking fund payment, when and as due by the terms of any Security of that series, and continuance of such default for a period of \_\_\_\_\_ days; or

(iv) default in the performance, or breach, of any covenant or agreement of the Company in this Indenture with respect to any Security of that series (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with or that has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series), and continuance of such default or breach for a period of \_\_\_\_\_ days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least \_\_\_\_\_% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder;

(v) the Company, pursuant to or within the meaning of any Bankruptcy Law:

(1) commences a voluntary case or proceeding under any Bankruptcy Law,

(2) consents to the commencement of any bankruptcy or insolvency case or proceeding against it, or files a petition or answer or consent seeking reorganization or relief against it,

(3) consents to the entry of a decree or order for relief against it in an involuntary case or proceeding,



(4) consents to the filing of such petition or to the appointment of or taking possession by a Custodian of the Company or for all or substantially all of its property, or

(5) makes an assignment for the benefit of creditors, or admits in writing of its inability to pay its debts generally as they become due or takes any corporate action in furtherance of any such action;

(vi) court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against the Company in an involuntary case or proceeding, or

(2) adjudges the Company bankrupt or insolvent, or approves as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company, or

(3) appoints a Custodian of the Company or for all or substantially all of its property, or

(4) orders the winding up or liquidation of the Company,

and the continuance of any such decree or order for relief or any such other decree or order remains unstayed and in effect for a period of \_\_\_\_ consecutive days;

(vii) if, pursuant to Sections 18(a)(1)(c)(ii) and 61 of the Investment Company Act of 1940, on the last business day of each of \_\_\_\_ consecutive calendar months any class of Securities shall have an asset coverage (as such term is used in the Investment Company Act of 1940) of less than \_\_\_\_%; or

(viii) any other Event of Default provided with respect to Securities of that series.

The term "Bankruptcy Law" means title 11, U.S. Code or any applicable federal or state bankruptcy, insolvency, reorganization or other similar law. The term "Custodian" means any custodian, receiver, trustee, assignee, liquidator, sequestrator or other similar official under any Bankruptcy Law.

#### **Section 5.02 Acceleration of Maturity; Rescission and Annulment.**

If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than \_\_\_\_% in principal amount of the Outstanding Securities of that series may declare the principal (or, if any Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(i) the Company has paid or deposited with the Trustee a sum sufficient to pay in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)):

(1) all overdue installments of interest, if any, on all Outstanding Securities of that series,

(2) the principal of (and premium, if any) all Outstanding Securities of that series that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Securities,

(3) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates borne by or provided for in such Securities, and

(4) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(ii) all Events of Default with respect to Securities of that series, other than the nonpayment of the principal of (or premium, if any) or interest on Securities of that series that have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

#### **Section 5.03 Collection of Indebtedness and Suits for Enforcement by Trustee.**

The Company covenants that if:

(i) default is made in the payment of any installment of interest on any Security of any series and such default continues for a period of \_\_\_\_\_ days, or

(ii) default is made in the payment of the principal of (or premium, if any) any Security of any series at its Maturity,

then the Company will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of Securities of such series, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, if any, with interest upon any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest, if any, at the rate or rates borne by or provided for in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities of such series, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

#### **Section 5.04 Trustee May File Proofs of Claim.**

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal (or in the case of Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be provided for in the terms thereof) (and premium, if any) and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents (and take such other actions, including serving on a committee of creditors) as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities of such series to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and any predecessor Trustee, their agents and counsel, and any other amounts due the Trustee or any predecessor Trustee under Section 6.06.

Subject to Article Eight and Section 9.02 and unless otherwise provided as contemplated by Section 3.01, nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security in any such proceeding.

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**Section 5.05 Trustee May Enforce Claims Without Possession of Securities.**

All rights of action and claims under this Indenture or any of the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

**Section 5.06 Application of Money Collected.**

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, if any, upon presentation of the Securities, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 6.06;

SECOND: To the payment of the amounts then due and unpaid upon any Senior Securities for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Senior Securities for principal (and premium, if any) and interest, if any, respectively; and

THIRD: To the payment of the amounts then due and unpaid upon any Senior Subordinated Securities for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Senior Subordinated Securities for principal (and premium, if any) and interest, if any, respectively; and

FOURTH: To the payment of the amounts then due and unpaid upon any Junior Subordinated Securities for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Junior Subordinated Securities for principal (and premium, if any) and interest, if any, respectively; and

FIFTH: To the payment of the amounts then due and unpaid upon any other Securities for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Securities for principal (and premium, if any) and interest, if any, respectively; and

SIXTH: To the payment of the remainder, if any, to the Company or any other Person or Persons entitled thereto.

**Section 5.07 Limitation on Suits.**

No Holder of any Security of any series shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

- (i) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(ii) the Holders of not less than \_\_\_\_% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Trustee for \_\_\_\_ days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) no direction inconsistent with such written request has been given to the Trustee during such \_\_\_\_ -day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

#### **Section 5.08 Unconditional Right of Holders to Receive Principal, Premium and Interest.**

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Sections 3.05 and 3.07) interest, if any, on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date or, in the case of repayment at the option of the Holders on the Repayment Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

#### **Section 5.09 Restoration of Rights and Remedies.**

If the Trustee or any Holder of a Security has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Trustee and the Holders of Securities shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

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**Section 5.10 Rights and Remedies Cumulative.**

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 5.11 Delay or Omission Not Waiver.**

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities, as the case may be.

**Section 5.12 Control by Holders of Securities.**

Subject to Section 6.02(v), the Holders of a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such series, provided that such direction shall not be in conflict with any rule of law or with this Indenture,

- (i) the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction, and
- (ii) the Trustee need not take any action that might involve it in personal liability or be unjustly prejudicial to the Holders of Securities of such series not consenting.

**Section 5.13 Waiver of Past Defaults.**

Subject to Section 5.02, the Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to Securities of such series and its consequences, except a default

- (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series, or
- (ii) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

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**Section 5.14 Waiver of Stay or Extension Laws.**

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

**ARTICLE VI.  
THE TRUSTEE**

**Section 6.01 Notice of Defaults.**

(a) Within \_\_\_\_ days after the occurrence of any Default hereunder with respect to the Securities of any series, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series, or in the payment of any sinking or purchase fund installment with respect to the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders of the Securities of such series; and provided further that in the case of any Default or breach of the character specified in Section 5.01(iv) with respect to the Securities of such series, no such notice to Holders shall be given until at least \_\_\_\_ days after the occurrence thereof.

(b) Prior to the time when the occurrence of an Event of Default becomes known to a Responsible Officer of the Trustee and after the curing or waiving of all such Events of Default with respect to a series of Securities that may have occurred:

(i) the duties and obligations of the Trustee shall with respect to the Securities of any series be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable with respect to the Securities except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein); and

(iii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer or Responsible Officers, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

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**Section 6.02 Certain Rights of Trustee.**

Subject to the provisions of TIA Section 315(a) through 315(d):

(i) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee need not investigate any fact or matter stated in any document.

(ii) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order (other than delivery of any Security, to the Trustee for authentication and delivery pursuant to Section 3.03 which shall be sufficiently evidenced as provided therein) and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution.

(iii) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Board Resolution, an Opinion of Counsel or an Officers' Certificate.

(iv) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(v) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities (including the reasonable fees and expenses of its agents and counsel) which might be incurred by it in compliance with such request or direction.

(vi) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled upon reasonable notice and at reasonable times during normal business hours to examine the books, records and premises of the Company, personally or by agent or attorney.

(vii) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(viii) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.



(ix) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder.

(x) The permissive rights of the Trustee enumerated herein shall not be construed as duties.

(xi) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in principal amount of the Outstanding Securities of a series relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture with respect to such Securities.

(xii) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate (unless other evidence is specifically prescribed herein). The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate.

(xiii) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(xiv) The Trustee shall not be liable for any action taken or omitted to be taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(xv) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

(xvi) Anything in this Indenture notwithstanding, in no event shall the Trustee be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profit), even if the Trustee has been advised as to the likelihood of such loss or damage and regardless of the form of action.

(xvii) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including acts of God; earthquakes; fire; flood; terrorism; wars and other military disturbances; sabotage; epidemics; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communication services; accidents; labor disputes; acts of civil or military authority and governmental action.

The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

**Section 6.03 Not Responsible for Recitals or Issuance of Securities.**

The recitals contained herein and in the Securities, except the Trustee's certificate of authentication shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

**Section 6.04 May Hold Securities.**

The Trustee, any Paying Agent, Security Registrar, Authenticating Agent or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar, Authenticating Agent or such other agent.

**Section 6.05 Money Held in Trust.**

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

**Section 6.06 Compensation and Reimbursement and Indemnification of Trustee.**

The Company agrees:

- (i) To pay to the Trustee or any predecessor Trustee from time to time such reasonable compensation for all services rendered by it hereunder as has been agreed upon from time to time in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).
- (ii) Except as otherwise expressly provided herein, to reimburse each of the Trustee and any predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee or any predecessor Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.
- (iii) To indemnify each of the Trustee or any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its own part, arising out of or in connection with the acceptance or administration

of the trust or trusts hereunder, including the costs and expenses (including the reasonable fees and expenses of its agents and counsel) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a claim prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (or premium, if any) or interest, if any, on particular Securities.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 5.01 occurs, the expenses and compensation for such services are intended to constitute expenses of administration under Title 11, U.S. Code, or any similar Federal, State or analogous foreign law for the relief of debtors.

The provisions of this Section 6.06 shall survive the resignation or removal of the Trustee and the satisfaction, termination or discharge of this Indenture.

**Section 6.07 Corporate Trustee Required; Eligibility.**

There shall at all times be a Trustee hereunder that shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least \$\_\_\_\_\_. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of federal, state, territorial or the \_\_\_\_\_ supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

**Section 6.08 Disqualification; Conflicting Interests.**

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

**Section 6.09 Resignation and Removal; Appointment of Successor.**

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.10.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company.

(c) The Trustee may be removed at any time with respect to the Securities of any series by (i) the Company, by an Officers' Certificate delivered to the Trustee, provided that contemporaneously therewith (x) the Company immediately appoints a successor Trustee with respect to the Securities of such series meeting the requirements of Section 6.07 hereof and (y) the terms of Section 6.10 hereof are complied with in respect of such appointment (the Trustee being removed hereby agreeing to execute the instrument contemplated by Section 6.10(b) hereof, if applicable, under such circumstances) and provided further that no Default with respect to such Securities shall have occurred and then be continuing at such time, or (ii) Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee and to the Company.

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(d) If at any time:

(i) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 6.07 and shall fail to resign after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee and appoint a successor Trustee with respect to all Securities, or (ii) subject to TIA Section 315(e), any Holder of a Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within \_\_\_\_ days after the giving of a notice of resignation or the delivery of an Act of removal, the Trustee resigning or being removed may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series). If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders of Securities and accepted appointment in the manner hereinafter provided, any Holder of a Security who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to Securities of such series.

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for notices to the Holders of Securities in Section 1.06. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

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**Section 6.10 Acceptance of Appointment by Successor.**

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 6.06.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and that (i) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (ii) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee and (iii) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates. Whenever there is a successor Trustee with respect to one or more (but less than all) series of securities issued pursuant to this Indenture, the terms "Indenture" and "Securities" shall have the meanings specified in the provisos to the respective definition of those terms in Section 1.01 which contemplate such situation.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments reasonably necessary to more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

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**Section 6.11 Merger, Conversion, Consolidation or Succession to Business.**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities. In case any Securities shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to authenticate Securities in the name of any predecessor Trustee shall apply only to its successor or successors by merger, conversion or consolidation.

**Section 6.12 Appointment of Authenticating Agent.**

At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents (which may be an Affiliate or Affiliates of the Company) with respect to one or more series of Securities that shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue or upon exchange, registration of transfer or partial redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, except as may otherwise be provided pursuant to Section 3.01, shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of the United States of America or of any State or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than \$\_\_\_\_\_ and subject to supervision or examination by Federal or State authorities. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall promptly give written notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner set forth in Section 1.06. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

**Trustee**

By: \_\_\_\_\_  
as Authenticating Agent

By: \_\_\_\_\_  
Authorized Officer

If all of the Securities of a series may not be originally issued at one time, and the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing (which writing need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel), shall appoint in accordance with this Section an Authenticating Agent (which, if so requested by the Company, shall be an Affiliate of the Company) having an office in a Place of Payment designated by the Company with respect to such series of Securities, provided that the terms and conditions of such appointment are reasonably acceptable to the Trustee.

**ARTICLE VII.**  
**HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY**

**Section 7.01 Disclosure of Names and Addresses of Holders.**

Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Authenticating Agent nor any Paying Agent nor

any Security Registrar nor any agent of any of them shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders of Securities in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

**Section 7.02 Preservation of Information: Communications to Holders.**

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 7.01 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar. The Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

**Section 7.03 Reports by Trustee.**

Within \_\_\_\_ days after \_\_\_\_ of each year commencing with the first \_\_\_\_ after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit by mail to all Holders Securities as provided in TIA Section 313(c) a report dated as of such \_\_\_\_ which meets the requirements of TIA Section 313(a).

A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee of the listing of the Securities on any stock exchange. In the event that, on any such reporting date, no events have occurred under the applicable sections of the TIA within the \_\_\_\_ months preceding such reporting date, the Trustee shall be under no duty or obligation to provide such reports.

**Section 7.04 Reports by Company.**

The Company will file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to the Trust Indenture Act; provided, that any such information, documents or reports filed electronically with the Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, shall be deemed filed with and delivered to the Trustee and the Holders at the same time as filed with the Commission.

Delivery of such reports, information, and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to conclusively rely exclusively on Officers' Certificates).



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**Section 7.05 Calculation of Original Issue Discount.**

Upon request of the Trustee, the Company shall file with the Trustee promptly at \_\_\_\_ a written notice specifying the amount of original issue discount (including daily rates and accrual periods), if any, accrued on Outstanding Securities as of the end of such year.

**ARTICLE VIII.  
CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER**

**Section 8.01 Company May Consolidate, Etc., Only on Certain Terms.**

Unless otherwise provided in the terms of such Securities, the Company shall not consolidate with or merge with or into any other corporation or convey or transfer all or substantially all of its properties and assets to any Person, unless:

(i) either the Company shall be the continuing corporation, or the corporation (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer all or substantially all of the properties and assets of the Company shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing; and

(iii) the Company and the successor Person have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

**Section 8.02 Successor Person Substituted.**

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 8.01, the successor corporation formed by such consolidation or into which the Company is merged or the successor Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and in the event of any such conveyance or transfer, the Company shall be discharged from all obligations and covenants under this Indenture and the Securities and may be dissolved and liquidated.

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**ARTICLE IX.**  
**SUPPLEMENTAL INDENTURES**

**Section 9.01 Supplemental Indentures Without Consent of Holders.**

Without the consent of any Holders of Securities, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

- (i) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities contained; or
- (ii) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or
- (iii) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of such series); provided, however, that in respect of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those series of Securities to which such additional Events of Default apply to waive such default; or
- (iv) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture that is entitled to the benefit of such provision; or
- (v) to secure the Securities pursuant to the requirements of Section 8.01 or 10.06, or otherwise; or
- (vi) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 3.01, including the provisions and procedures relating to Securities convertible into or exchangeable for any securities of any Person (including the Company); or
- (vii) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or
- (viii) to cure any ambiguity, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided that such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(ix) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 4.01, 14.02 and 14.03; provided that any such action shall not adversely affect the interests of the Holders of Securities of such series or any other series of Securities in any material respect.

**Section 9.02 Supplemental Indentures with Consent of Holders.**

With the consent of the Holders of not less than a majority in aggregate principal amount of all Outstanding Securities affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture that affects such series of Securities or of modifying in any manner the rights of the Holders of such series of Securities under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(i) change the Stated Maturity of the principal of (or premium, if any) or any installment of principal of or interest on, any Security, subject to the provisions of Section 3.08; or the terms of any sinking fund with respect to any Security; or reduce the principal amount thereof or the rate of interest (or change the manner of calculating the rate of interest, thereon, or any premium payable upon the redemption thereof, or change any obligation of the Company to pay Additional Amounts pursuant to Section 10.04 (except as contemplated by Section 8.01(i) and permitted by Section 9.01(i)), or reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02, or upon the redemption thereof or the amount thereof provable in bankruptcy pursuant to Section 5.04, or adversely affect any right of repayment at the option of the Holder of any Security, or change any Place of Payment where, or the Currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or the Repayment Date, as the case may be), or adversely affect any right to convert or exchange any Security as may be provided pursuant to Section 3.01 herein, or modify the subordination provisions set forth in Article Sixteen in a manner that is adverse to the Holder of any Security; or

(ii) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver with respect to such series (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirements of Section 15.04 for quorum or voting; or

(iii) modify any of the provisions of this Section, Section 5.13 or Section 10.07, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder of a Security with respect to changes in the references to "the Trustee" and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 6.10(b) and 9.01(vii).

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

A supplemental indenture that changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or that modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date that is eleven months after such record date, any such consent previously given shall automatically and without further action by any Holder be cancelled and of no further effect.

#### **Section 9.03 Execution of Supplemental Indentures.**

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, in addition to the documents required by Section 1.02 of this Indenture, an Officers' Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and that all conditions precedent to such supplemental indenture have been complied with. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

#### **Section 9.04 Effect of Supplemental Indentures.**

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

#### **Section 9.05 Conformity with Trust Indenture Act.**

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

#### **Section 9.06 Reference in Securities to Supplemental Indentures.**

Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

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**ARTICLE X.  
COVENANTS**

**Section 10.01 Payment of Principal, Premium, if any, and Interest.**

The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of that series in accordance with the terms of such series of Securities and this Indenture. Unless otherwise specified with respect to Securities of any series pursuant to Section 3.01, at the option of the Company, all payments of principal may be paid by check to the registered Holder of the Registered Security or other person entitled thereto against surrender of such Security.

**Section 10.02 Maintenance of Office or Agency.**

The Company shall maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency. If at any time the Company shall fail to maintain any such required office or agency in respect of any series of Securities or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive such respective presentations, surrenders, notices and demands, and the Company hereby appoints the Trustee at its Corporate Trust Office its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities pursuant to Section 3.01 with respect to a series of Securities, the Company hereby designates as a Place of Payment for each series of Securities the office or agency of the Company in \_\_\_\_\_, The City of \_\_\_\_\_, and initially appoints the Trustee as Paying Agent with its office at \_\_\_\_\_, and as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 3.01, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of the Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will notify the Trustee of the name and address of any Exchange Rate Agent retained by it.

**Section 10.03 Money for Securities Payments to Be Held in Trust.**

If the Company shall at any time act as its own Paying Agent with respect to any series of any Securities, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on

any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) sufficient to pay the principal (and premium, if any) and interest, if any, on Securities of such series so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum (in the Currency or Currencies described in the preceding paragraph) sufficient to pay the principal (or premium, if any) or interest, if any, so becoming due, such sum of money to be held in trust for the benefit of the Persons entitled to such principal, premium or interest and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums of money held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Except as otherwise provided in the Securities of any series, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series and remaining unclaimed for \_\_\_\_ years after such principal, premium or interest has become due and payable shall be paid to the Company upon Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such money held in trust, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than \_\_\_\_ days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

#### **Section 10.04 Additional Amounts.**

If the Securities of a series provide for the payment of Additional Amounts, the Company will pay to the Holder of any Security of such series such Additional Amounts as may be specified as contemplated by Section 3.01. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided for by the terms of such series established pursuant to Section 3.01 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to such terms and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

Except as otherwise specified as contemplated by Section 3.01, if the Securities of a series provide for the payment of Additional Amounts, at least \_\_\_\_ days prior to the first Interest Payment Date

with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the \_\_\_\_ day on which a payment of principal premium is made), and at least \_\_\_\_ days prior to each date of payment of principal, premium or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Company's principal Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal, premium or interest on the Securities of that series shall be made to Holders of Securities of that series who are not United States persons without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of that series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities of that series and the Company will pay to the Trustee or such Paying Agent the Additional Amounts required by the terms of such Securities. In the event that the Trustee or any Paying Agent, as the case may be, shall not so receive the above-mentioned certificate, then the Trustee or such Paying Agent shall be entitled (i) to assume that no such withholding or deduction is required with respect to any payment of principal or interest with respect to any Securities of a series until it shall have received a certificate advising otherwise and (ii) to make all payments of principal and interest with respect to the Securities of a series without withholding or deductions until otherwise advised. The Company covenants to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section or in reliance on the Company's not furnishing such an Officers' Certificate.

**Section 10.05 Statement as to Compliance.**

The Company will deliver to the Trustee, within \_\_\_\_ days after the end of each fiscal year ending after the date hereof so long as any Security is Outstanding hereunder, an Officers' Certificate stating to the knowledge of the signers thereof whether the Company is in default in the performance of any of the terms, provisions or conditions of this Indenture. For purposes of this Section 10.05, such default shall be determined without regard to any period of grace or requirement of notice under this Indenture.

**Section 10.06 Payment of Taxes and Other Claims.**

The Company will pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or upon the income, profits or property of the Company, and (2) all lawful claims for labor, materials and supplies that, if unpaid, might by law become a lien upon the property of the Company, except where the failure to do so would not be reasonably expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Company; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

**Section 10.07 Waiver of Certain Covenants.**

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 10.06, and, as specified pursuant to Section 3.01(xv) for Securities of any series, in any covenants of the Company added to Article Ten pursuant to Section 3.01(xiv) or Section 3.01(xv) in connection with the Securities of a series, if before or after the time for such compliance the Holders of at least a majority in aggregate principal amount of all Outstanding Securities of such series, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such

covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect.

## **ARTICLE XI. REDEMPTION OF SECURITIES**

### **Section 11.01 Applicability of Article.**

Securities of any series that are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

### **Section 11.02 Election to Redeem: Notice to Trustee.**

The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company of less than all of the Securities of any series, the Company shall, at least \_\_\_\_ days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities of such series to be redeemed, and, if applicable, of the tenor of the Securities to be redeemed, and shall deliver to the Trustee such documentation and records as shall enable the Trustee to select the Securities to be redeemed pursuant to Section 11.03. In the case of any redemption of Securities of any series prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

### **Section 11.03 Selection by Trustee of Securities to Be Redeemed.**

If less than all the Securities of any series issued on the same day with the same terms are to be redeemed, the particular Securities to be redeemed shall be selected not more than \_\_\_\_ days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series issued on such date with the same terms not previously called for redemption, by such method as the Trustee shall deem fair and appropriate; provided that such method complies with the rules of any national securities exchange or quotation system on which the Securities are listed (which rules shall be certificated to the Trustee by the Company or such national securities exchange at the Trustee's request), and may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series; provided, however, that no such partial redemption shall reduce the portion of the principal amount of a Security not redeemed to less than the minimum authorized denomination for Securities of such series.

The Trustee shall promptly notify the Company and the Security Registrar (if other than itself) in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.



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**Section 11.04 Notice of Redemption.**

Notice of redemption shall be given in the manner provided in Section 1.06, not less than \_\_\_\_ days nor more than \_\_\_\_ days prior to the Redemption Date, unless a shorter period is specified by the terms of such series established pursuant to Section 3.01, to each Holder of Securities to be redeemed, but failure to give such notice in the manner herein provided to the Holder of any Security designated for redemption as a whole or in part, or any defect in the notice to any such Holder, shall not affect the validity of the proceedings for the redemption of any other such Security or portion thereof.

Any notice that is mailed to the Holders of Registered Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

All notices of redemption shall state:

- (i) the Redemption Date;
- (ii) the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 11.06;
- (iii) if less than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the particular Security or Securities to be redeemed;
- (iv) in case any Security is to be redeemed in part only, the notice that relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder will receive, without a charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed;
- (v) that on the Redemption Date, the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 11.06 will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon shall cease to accrue on and after said date;
- (vi) the Place or Places of Payment where such Securities, if any, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price and accrued interest, if any;
- (vii) that the redemption is for a sinking fund, if such is the case; and
- (viii) the CUSIP number of such Security, if any.

A notice of redemption published as contemplated by Section 1.06 need not identify particular Registered Securities to be redeemed. Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

**Section 11.05 Deposit of Redemption Price.**

On or prior to \_\_\_\_ a.m., \_\_\_\_ time, on the Business Day prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, in accordance with the terms of this Indenture, segregate and hold in trust as provided in

Section 10.03) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) sufficient to pay on the Redemption Date the Redemption Price of, and (unless otherwise specified pursuant to Section 3.01) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date.

**Section 11.06 Securities Payable on Redemption Date.**

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall if the same were interest-bearing cease to bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that, unless otherwise specified as contemplated by Section 3.01, installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the Redemption Price shall, until paid, bear interest from the Redemption Date at the rate of interest set forth in such Security or, in the case of an Original Issue Discount Security, at the Yield to Maturity of such Security.

**Section 11.07 Securities Redeemed in Part.**

Any Registered Security that is to be redeemed only in part (pursuant to the provisions of this Article or of Article Twelve) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge a new Security or Securities of the same series and of like tenor, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. If a temporary global Security or permanent global Security is so surrendered, such new Security so issued shall be a new temporary global Security or permanent global Security, respectively. However, if less than all the Securities of any series with differing issue dates, interest rates and stated maturities are to be redeemed, the Company in its sole discretion shall select the particular Securities to be redeemed and shall notify the Trustee in writing thereof at least \_\_\_\_ days prior to the relevant redemption date.

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**ARTICLE XII.  
SINKING FUNDS**

**Section 12.01 Applicability of Article.**

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.01 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of such Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of any Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 12.02. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

**Section 12.02 Satisfaction of Sinking Fund Payments with Securities.**

The Company may, in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of a series, (i) deliver Outstanding Securities of such series (other than any previously called for redemption) and (ii) apply as a credit Securities of such series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, as provided for by the terms of such Securities; provided that such Securities so delivered or applied as a credit have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the applicable Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

**Section 12.03 Redemption of Securities for Sinking Fund.**

Not less than \_\_\_\_ days prior to each sinking fund payment date for Securities of any series, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 12.02, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be so delivered and credited. If such Officers' Certificate shall specify an optional amount to be added in cash to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than \_\_\_\_ days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 11.03 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 11.04. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 11.06 and 11.07.

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**ARTICLE XIII.**  
**REPAYMENT AT THE OPTION OF HOLDERS**

**Section 13.01 Applicability of Article.**

Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified by the terms of such series established pursuant to Section 3.01) in accordance with this Article.

**Section 13.02 Repayment of Securities.**

Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at the Repayment Price thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before \_\_\_\_ a.m., \_\_\_\_ time, on the Business Day preceding the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.03) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 3.01 for the Securities of such series and except, if applicable, as provided in Sections 3.12(b), 3.12(d) and 3.12(e)) sufficient to pay the Repayment Price of, and (unless otherwise specified pursuant to Section 3.01) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

**Section 13.03 Exercise of Option.**

Securities of any series subject to repayment at the option of the Holders thereof will contain an "Option to Elect Repayment" form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the "Option to Elect Repayment" form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than \_\_\_\_ days nor later than \_\_\_\_ days prior to the Repayment Date. If less than the entire Repayment Price of such Security is to be repaid in accordance with the terms of such Security, the portion of the Repayment Price of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of such Security surrendered that is not to be repaid, must be specified. Any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

**Section 13.04 When Securities Presented for Repayment Become Due and Payable.**

If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest. Upon surrender of any such Security for repayment in accordance with such provisions, the Repayment Price of such Security so to be repaid shall be paid by the Company, together with accrued interest, if any, to the Repayment Date; provided however, that installments of interest on Registered Securities, whose Stated Maturity is prior to (or, if specified pursuant to Section 3.01, on) the Repayment Date shall be payable (but without interest thereon, unless the Company shall default in the payment thereof) to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Security surrendered for repayment shall not be so repaid upon surrender thereof, the Repayment Price shall, until paid, bear interest from the Repayment Date at the rate of interest set forth in such Security or, in the case of an Original Issue Discount Security, at the Yield to Maturity of such Security.

**Section 13.05 Securities Repaid in Part.**

Upon surrender of any Registered Security that is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Registered Security or Securities of the same series, and of like tenor, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered that is not to be repaid. If a temporary global Security or permanent global Security is so surrendered, such new Security so issued shall be a new temporary global Security or a new permanent global Security, respectively.

**ARTICLE XIV.  
DEFEASANCE AND COVENANT DEFEASANCE**

**Section 14.01 Applicability of Article: Company's Option to Effect Defeasance or Covenant Defeasance.**

If pursuant to Section 3.01 provision is made for either or both of (a) defeasance of the Securities of or within a series under Section 14.02 or (b) covenant defeasance of the Securities of or within a series under Section 14.03, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article (with such modifications thereto as may be specified pursuant to Section 3.01 with respect to any Securities), shall be applicable to such Securities, and the Company may at its option by Board Resolution, at any time, with respect to such Securities, elect to have either Section 14.02 (if applicable) or Section 14.03 (if applicable) be applied to such Outstanding Securities upon compliance with the conditions set forth below in this Article.

**Section 14.02 Defeasance and Discharge.**

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be deemed to have been discharged from its obligations with respect to such Outstanding Securities on and after the date the conditions set forth in Section 14.04 are satisfied (hereinafter, "defeasance"). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities, which shall thereafter be deemed to be "Outstanding" only for the purposes of Section 14.05 and the other Sections of this Indenture referred to in clauses (A) and (B) of this Section, and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Securities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities to receive, solely from the trust fund described in Section 14.04 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 3.05, 3.06, 10.02 and 10.03 and with respect to the payment of Additional Amounts, if any, on such Securities as contemplated by Section 10.04, (C) the rights, powers, trusts, duties and immunities of the Trustee

hereunder and (D) this Article. Subject to compliance with this Article Fourteen, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 14.03 with respect to such Securities. Following a defeasance, payment of such Securities may not be accelerated because of an Event of Default.

**Section 14.03 Covenant Defeasance.**

Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be released from its obligations under Section 10.06, and, if specified pursuant to Section 3.01, its obligations under any other covenant with respect to such Outstanding Securities on and after the date the conditions set forth in Section 14.04 are satisfied (hereinafter, "covenant defeasance"), and such Securities shall thereafter be deemed to be not "Outstanding" for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with Section 10.06, or such other covenant, but shall continue to be deemed "Outstanding" for all other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 5.01(iv) or 5.01(vii) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities shall be unaffected thereby. Following a covenant defeasance, payment of such Securities may not be accelerated because of an Event of Default solely by reference to such Sections specified above in this Section 14.03.

**Section 14.04 Conditions to Defeasance or Covenant Defeasance.**

The following shall be the conditions to application of either Section 14.02 or Section 14.03 to any Outstanding Securities of or within a series:

(i) The Company shall have irrevocably deposited or caused to be irrevocably deposited with the Trustee (or another trustee satisfying the requirements of Section 6.07 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for the benefit of, and dedicated solely to, the Holders of such Securities, (A) an amount (in such Currency in which such Securities are then specified as payable at Stated Maturity), or (B) Government Obligations applicable to such Securities (determined on the basis of the Currency in which such Securities are then specified as payable at Stated Maturity) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, without reinvestment thereof, not later than \_\_\_\_ day before the due date of any payment of principal of (and premium, if any) and interest, if any, on such Securities, money in an amount, or (C) a combination thereof in an amount, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (1) the principal of (and premium, if any) and interest, if any, on such Outstanding Securities on the Stated Maturity of such principal or installment of principal or interest and (2) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities.

(ii) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

(iii) No Default or Event of Default with respect to such Securities shall have occurred and be continuing on the date of such deposit or, insofar as Sections 5.01(v) and 5.01(vi) are concerned, at any time during the period ending on the \_\_\_\_ day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(iv) In the case of an election under Section 14.02, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Outstanding Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(v) In the case of an election under Section 14.03, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Outstanding Securities will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(vi) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to either the defeasance under Section 14.02 or the covenant defeasance under Section 14.03 (as the case may be) have been complied with.

(vii) Notwithstanding any other provisions of this Section, such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 3.01.

#### **Section 14.05 Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.**

Subject to the provisions of the last paragraph of Section 10.03, all money and Government Obligations (or other property as may be provided pursuant to Section 3.01) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 14.05, the "Trustee") pursuant to Section 14.04 in respect of any Outstanding Securities of any series shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 3.01, if, after a deposit referred to in Section 14.04(a) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 3.12(b) or the terms of such Security to receive payment in a Currency other than that in which the deposit pursuant to Section 14.04(a) has been made in respect of such Security, or (b) a Conversion Event occurs as contemplated in Section 3.12(d) or 3.12(e) or by the terms of any Security in respect of which the deposit pursuant to Section 14.04(a) has been made, the indebtedness represented by such Security shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on such Security as the same becomes due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the Currency in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such Currency in effect on the second Business Day prior to each payment date, except, with respect to a Conversion Event, for such Currency in effect (as nearly as feasible) at the time of the Conversion Event.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the money or Government Obligations deposited pursuant to Section 14.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of such Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 14.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect a defeasance or covenant defeasance, as applicable, in accordance with this Article.

If, after the Company has made a deposit with the Trustee pursuant to Section 14.04, the Trustee is unable to apply any money in accordance with Section 14.05 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the applicable Securities shall be revived and reinstated as though no deposit had occurred pursuant to Section 14.04 until such time as the Trustee is permitted to apply all such money in accordance with this Article Fourteen; provided, however, that if the Company has made any payment of the principal of or interest on any series of Securities because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Securities to receive any such payment from the money held by the Trustee.

Money deposited with the Trustee in trust pursuant to this Section 14.05 shall not be subject to the subordination provisions of Article Sixteen.

## **ARTICLE XV. MEETINGS OF HOLDERS OF SECURITIES**

### **Section 15.01 Purposes for Which Meetings May Be Called.**

A meeting of Holders of any series of Securities of such series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.



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**Section 15.02 Call, Notice and Place of Meetings.**

(a) The Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 15.01, to be held at such time and at such place in the \_\_\_\_\_, \_\_\_\_\_ or in \_\_\_\_\_ as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 1.06, not less than \_\_\_\_\_ nor more than \_\_\_\_\_ days prior to the date fixed for the meeting.

(b) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least \_\_\_\_\_% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 15.01, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication or mailing of the notice of such meeting within \_\_\_\_\_ days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the \_\_\_\_\_, \_\_\_\_\_ or in \_\_\_\_\_ for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

**Section 15.03 Persons Entitled to Vote at Meetings.**

To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (i) a Holder of one or more Outstanding Securities of such series, or (ii) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

**Section 15.04 Quorum: Action.**

The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that if any action is to be taken at such meeting with respect to a consent, waiver, request, demand, notice, authorization, direction or other action that this Indenture expressly provides may be made, given or taken by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within \_\_\_\_\_ minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than \_\_\_\_\_ days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than \_\_\_\_\_ days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 15.02(a), except that such notice need be given only once not less than \_\_\_\_\_ days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 9.02, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however, that, except as limited by the proviso to Section 9.02, any resolution with respect to any consent, waiver, request, demand, notice, authorization, direction or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 15.04, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any consent, waiver, request, demand, notice, authorization, direction or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

- (i) there shall be no minimum quorum requirement for such meeting; and
- (ii) the principal amount of the Outstanding Securities of such series that vote in favor of such consent, waiver, request, demand, notice, authorization, direction or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

**Section 15.05 Determination of Voting Rights: Conduct and Adjournment of Meetings.**

(a) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 1.04 and the appointment of any proxy shall be proved in the manner specified in Section 1.04. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.04 or other proof.

(b) The Trustee shall, by an instrument in writing appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 15.02(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting of Holders, each Holder of a Security of such series or proxy shall be entitled to one vote for each \$ \_\_\_\_\_ principal amount of the Outstanding Securities of such series held or represented by such Holder; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 15.02 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting, and the meeting may be held as so adjourned without further notice.

#### **Section 15.06 Counting Votes and Recording Action of Meetings.**

The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The chairman of the meeting shall appoint at least one inspector of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting a verified written report of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any Series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspector of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the fact, setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 15.02 and, if applicable, Section 15.04. Each copy shall be signed and verified by the affidavits of the chairman and secretary of the meeting and one such copy shall be delivered to the Company and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

### **ARTICLE XVI. SUBORDINATION OF SECURITIES**

#### **Section 16.01 Agreement to Subordinate.**

The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of Senior Subordinated Securities by his acceptance thereof, likewise covenants and agrees, that the payment of the principal of (and premium, if any) and interest, if any, on each and all of the Senior Subordinated Securities is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of Junior Subordinated Securities by his acceptance thereof, likewise covenants and agrees, that the payment of the principal of (and premium, if any) and interest, if any, on each and all of the Junior Subordinated Securities is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness and Senior Subordinated Indebtedness.

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**Section 16.02 Distribution on Dissolution, Liquidation and Reorganization: Subrogation of Subordinated Securities.**

Upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise (subject to the power of a court of competent jurisdiction to make other equitable provision reflecting the rights conferred in this Indenture upon the Senior Indebtedness and the holders thereof with respect to the Securities and the holders thereof by a lawful plan of reorganization under applicable bankruptcy law):

(i) the holders of all Senior Indebtedness shall be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon before the Holders of the Subordinated Securities are entitled to receive any payment upon the principal (or premium, if any) or interest, if any, on indebtedness evidenced by the Subordinated Securities;

(ii) the holders of all Senior Subordinated Indebtedness shall be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon before the Holders of the Junior Subordinated Securities are entitled to receive any payment upon the principal (or premium, if any) or interest, if any, on indebtedness evidenced by the Junior Subordinated Securities;

(iii) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article Sixteen shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of (and premium, if any) and interest on the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(iv) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the Trustee or the Holders of the Subordinated Securities before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over, upon written notice to the Trustee, to the holder of such Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid, for application to payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness, the Holders of the Subordinated Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to Senior Indebtedness until the principal of (and premium, if any) and interest, if any, on the Subordinated Securities shall be paid in full and no such payments or distributions to the Holders of the Subordinated Securities of cash, property or

securities otherwise distributable to the holders of Senior Indebtedness shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Subordinated Securities be deemed to be a payment by the Company to or on account of the Subordinated Securities. It is understood that the provisions of this Article Sixteen are and are intended solely for the purpose of defining the relative rights of the Holders of the Subordinated Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article Sixteen or elsewhere in this Indenture or in the Subordinated Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Subordinated Securities, the obligation of the Company, which is unconditional and absolute, to pay to the Holders of the Subordinated Securities the principal of (and premium, if any) and interest, if any, on the Subordinated Securities as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Holders of the Subordinated Securities and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or in the Subordinated Securities prevent the Trustee or the Holder of any Subordinated Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Sixteen of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Company referred to in this Article Sixteen, the Trustee, subject to the provisions of Section 6.01, shall be entitled to rely upon a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Sixteen.

If the Trustee or any Holder of Subordinated Securities does not file a proper claim or proof of debt in the form required in any proceeding referred to above prior to \_\_\_\_ days before the expiration of the time to file such claim in such proceeding, then the holder of any Senior Indebtedness is hereby authorized, and has the right, to file an appropriate claim or claims for or on behalf of such Holder of Subordinated Securities.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee. The Trustee does not owe any fiduciary duties to the holders of Senior Indebtedness, including any holder of Securities other than Securities issued under this Indenture.

**Section 16.03 No Payment on Subordinated Securities in Event of Default on Senior Indebtedness.**

No payment by the Company on account of principal (or premium, if any), sinking funds or interest, if any, on the Subordinated Securities shall be made unless full payment of amounts then due for principal (premium, if any), sinking funds and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

**Section 16.04 Payments on Subordinated Securities Permitted.**

Nothing contained in this Indenture or in any of the Subordinated Securities shall (i) affect the obligation of the Company to make, or prevent the Company from making, at any time except as provided in Sections 16.02 and 16.03, payments of principal of (or premium, if any) or interest, if any, on the Subordinated Securities or (ii) prevent the application by the Trustee of any moneys deposited with it hereunder to the payment of or on account of the principal of (or premium, if any) or interest, if any, on

the Subordinated Securities, unless the Trustee shall have received at its Corporate Trust Office written notice of any event prohibiting the making of such payment more than \_\_\_\_ Business Days prior to the date fixed for such payment.

**Section 16.05 Authorization of Holders to Trustee to Effect Subordination.**

Each Holder of Subordinated Securities by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article Sixteen and appoints the Trustee his attorney-in-fact for any and all such purposes.

**Section 16.06 Notices to Trustee.**

Notwithstanding the provisions of this Article or any other provisions of this Indenture, neither the Trustee nor any Paying Agent (other than the Company) shall be charged with knowledge of the existence of any Senior Indebtedness or of any event which would prohibit the making of any payment of moneys to or by the Trustee or such Paying Agent, unless and until the Trustee or such Paying Agent shall have received (in the case of the Trustee, at its Corporate Trust Office) written notice thereof from the Company or from the holder of any Senior Indebtedness or from the trustee for any such holder, together with proof reasonably satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such trustee; provided, however, that if at least \_\_\_\_ Business Days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose (including, without limitation, the payment of either the principal (or premium, if any) or interest, if any, on any Subordinated Security) the Trustee shall not have received with respect to such moneys the notice provided for in this Section 16.06, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary, which may be received by it within \_\_\_\_ Business Days prior to such date. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such a notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article Sixteen, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Sixteen and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

**Section 16.07 Trustee as Holder of Senior Indebtedness.**

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article Sixteen in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness and nothing in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Nothing in this Article Sixteen shall apply to claims of, or payments to, the Trustee under or pursuant to Section 6.06.

**Section 16.08 Modifications of Terms of Senior Indebtedness.**

Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the Holders of the Subordinated Securities or the Trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, shall in any way alter or affect any of the provisions of this Article Sixteen or of the Subordinated Securities relating to the subordination thereof.

**Section 16.09 Reliance on Judicial Order or Certificate of Liquidating Agent.**

Upon any payment or distribution of assets of the Company referred to in this Article Sixteen, the Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Subordinated Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Sixteen.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, as of the day and year first above written.

**TRIANGLE CAPITAL CORPORATION**

By: \_\_\_\_\_

Name:

Title:

[\_\_\_\_\_]

as Trustee

By: \_\_\_\_\_

Name:

Title:

**EXHIBIT A**

**FORM OF CERTIFICATE TO BE GIVEN  
IN CONNECTION WITH THE EXCHANGE OF  
A PORTION OF A TEMPORARY GLOBAL SECURITY  
OR TO OBTAIN INTEREST PAYABLE PRIOR  
TO THE EXCHANGE DATE  
CERTIFICATE**

**[Insert title or sufficient description of Securities to be delivered]**

This is to certify that, based solely on written certifications that we have received in writing, by tested telex or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our "Member Organizations") substantially in the form attached hereto, as of the date hereof, [U.S. \$] principal amount of the above-captioned Securities (i) is owned by person(s) that are not "United States persons" ("United States Person(s)") within the meaning of Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended (the "Code"), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v)(iv)) are herein referred to as "financial institutions") purchasing for their own account or for resale, or (b) United States person(s) who acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise Triangle Capital Corporation or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Code and the United States Treasury Regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States" means the United States of America (including the States and the District of Columbia); and its "possessions" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary global Security representing the above-captioned Securities excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: \_\_\_\_\_

Exhibit A-1



[To be dated no earlier than the Exchange Date or the relevant Interest Payment Date occurring prior to the Exchange Date, as applicable]

[ \_\_\_\_\_ ],  
as Operator of \_\_\_\_\_  
By: \_\_\_\_\_  
Name:  
Title:

TRIANGLE CAPITAL CORPORATION  
as Borrower,

BRANCH BANKING AND TRUST COMPANY,  
MORTGAGE CUSTODY DEPARTMENT OF CORPORATE TRUST SERVICES  
as Custodian

and

BRANCH BANKING AND TRUST COMPANY  
as Administrative Agent

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CUSTODIAL AGREEMENT

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Dated as of June 13, 2011

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## **CUSTODIAL AGREEMENT**

THIS CUSTODIAL AGREEMENT (this "Agreement"), dated as of June 13, 2011, by and among Triangle Capital Corporation (the "Borrower"), Branch Banking and Trust Company, Mortgage Custody Department of Corporate Trust Services, not individually, but solely in its capacity as Custodian, having an address at 5130 Parkway Plaza Boulevard, Charlotte, North Carolina 28217 (the "Custodian") and Branch Banking and Trust Company, acting in its capacity as agent (the "Agent") for itself and for the other Secured Parties (as defined in the Credit Agreement described below).

### **PRELIMINARY STATEMENT**

The Borrower and the Agent, among others, are parties to the Credit Agreement, dated as of May 9, 2011 (as amended, supplemented, restated or otherwise modified and in effect from time to time, the "Credit Agreement"), pursuant to which the Borrower has the benefit, subject to the terms and conditions thereof, of advances from the Lenders (as defined in the Credit Agreement) to finance, among other things, the making of Portfolio Investments (as defined below) by the Borrower.

Pursuant to the Credit Agreement, the Borrower is required to take such action as shall be necessary to maintain the perfection of the liens and security interests of the Agent, for the benefit of the Secured Parties (as defined in the Credit Agreement) on the Collateral (as defined in the Credit Agreement). The Borrower desires to have the Custodian take possession of the related Investment File (as defined below) with respect to each Portfolio Investment, in accordance with the terms and conditions hereof. The Borrower has agreed to deliver or cause to be delivered to the Custodian the documents specified in Section 2 of this Agreement with respect to the Portfolio Investments to be held pursuant to the terms of this Agreement.

The Custodian is a North Carolina banking corporation, and is otherwise authorized to act as Custodian pursuant to this Agreement.

In consideration of the mutual undertakings herein, expressed, the parties hereto hereby agree as follow:

#### **Section 1. Definitions.**

Unless otherwise defined herein, capitalized terms not otherwise defined herein are used as defined in the Credit Agreement, and the following terms shall have the following meanings:

Agreement: shall mean this Agreement, as supplemented or amended from time to time.

Authorized Person: shall have the meaning set forth in Section 26 of this Agreement.

Business Day: means any day other than a Saturday or Sunday, or a day on which banking and savings and loan institutions in North Carolina are authorized or obligated by law or executive order to be closed, and a day on which the Custodian is open in the State of North Carolina.

Comfort Letter: means a letter substantially in the form attached hereto as Exhibit 8 furnished to the Custodian by the Borrower in connection with the closing of the transactions creating a Portfolio Investment, a copy of which letter is delivered to the Custodian with the related Investment File.

Credit Agreement: shall have the meaning set forth in the first paragraph of the Preliminary Statement.

Investment File: means those documents listed in Section 2(a) of this Agreement that are delivered to the Custodian pursuant to Section 2 hereof or that otherwise come into the possession of the Custodian.

List of Portfolio Investments: means a listing, substantially in the form of which is attached hereto as Exhibit 7, of all Portfolio Investments delivered to the Custodian (which List of Portfolio Investments may be in the form of microfiche or computer file or other medium acceptable to the Custodian).

Person: shall mean an individual, general partnership, limited partnership, limited liability partnership, corporation, business trust, joint stock company, limited liability company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

Portfolio Investment: shall have the meaning set forth in the Credit Agreement.

Trust Receipt: shall mean a trust receipt, substantially in the form set forth on Exhibit 2 hereto, covering the Investment Files relating to the Portfolio Investment described therein, which trust receipt is issued to the Agent.

UCC: shall mean the Uniform Commercial Code as in effect in the applicable jurisdiction.

## Section 2. Delivery of Investment Files.

(a) As soon as reasonably practical after making a Portfolio Investment, but in no event greater than sixty (60) Domestic Business Days thereafter, the Borrower shall deliver or cause the Borrower's closing agent to deliver to the Custodian, the following documents pertaining to such Portfolio Investment, along with a Comfort Letter listing each document to be included in the Investment File for such Portfolio Investment so delivered to the Custodian, each of which Portfolio Investment shall be identified in a Schedule delivered in printed and electronic format therewith:

(i) any and all original executed promissory notes issued by the Obligor pursuant to the applicable agreements evidencing such Portfolio Investment, together with an indorsement executed in blank;

(ii) any and all original certificates representing equity interests pledged to secure the obligations of the Obligor relating to such Portfolio Investment, together with transfer powers for each such certificate, executed in blank; and

(iii) any and all original letters of credit, instruments, certificates of deposit or chattel paper or other original documents, the physical possession of which is necessary in order for the Agent, on behalf of the Secured Parties (as defined in the Credit Agreement), to perfect or preserve the priority of its security interest therein.

(b) From time to time, the Borrower shall forward to the Custodian additional documents of the type described in the foregoing clause (a) evidencing any assumption, modification, consolidation or extension of any Portfolio Investment, in accordance with the terms of the Credit Agreement, and upon receipt of any such additional documents, the Custodian shall hold such additional documents in accordance with the terms of this Agreement. Any additional documents forwarded shall include a transmittal with instructions on filing and the name of the Portfolio Investment to which it relates and any other information reasonably requested by the Custodian.

### Section 3. Receipt of Investment Files.

After receipt of each Investment File, the Custodian shall deliver a Trust Receipt to the Agent and to the Borrower in accordance with Section 6 hereof.

### Section 4. Obligations of the Custodian.

The Custodian hereby confirms that (i) with respect to Investment Files delivered to it on or before the date hereof, it has reviewed the List of Portfolio Investments therewith, and with respect to any subsequently delivered Investment Files, it will review the List of Portfolio Investments delivered therewith, (ii) with respect to Investment Files delivered to it on or before the date hereof, it holds such Investment Files corresponding to each Portfolio Investment listed on the List of Portfolio Investments to which it relates and, with respect to any subsequently delivered Investment Files, it will hold such Investment Files corresponding to each Portfolio Investment listed on the List of Portfolio Investments to which it relates and (iii) for each Portfolio Investment, each Investment File contains each of the documents listed on Schedule A to the Comfort Letter relating to such Portfolio Investment (excluding the items listed on the schedule of exceptions attached to the related Trust Receipt) and if Schedule A to the Comfort Letter indicates that a document is an original, the Custodian confirms that it has received such original document (except as indicated on the schedule of exceptions attached to the related Trust Receipt). The Custodian shall create a separate account in the name of the Borrower in which all assets, including the Portfolio Investments and any Investment Files, shall be held, subject to the security interests of the Agent pursuant to the Collateral Documents. The Custodian shall

dispose of or release such assets only upon the receipt of proper instruction from the Authorized Persons of the Borrower or as otherwise specifically set forth in this Agreement.

The Custodian hereby acknowledges that, (A) to secure its obligations under the Credit Agreement, the Borrower has granted a security interest to the Agent in its Portfolio Investments and related assets with respect to the Obligations (as defined in the Credit Agreement) including, without limitation, each document listed on the schedule to each Trust Receipt and (B) (i) it has in its physical possession the related Investment File with respect to each Portfolio Investment listed on the schedule to each Trust Receipt (excluding the items listed on the schedule of exceptions attached to the related Trust Receipt, if any) (the "Property"), (ii) it will hold the Property as bailee for and on behalf of the Agent for purposes of perfecting the interests of the Agent therein, for the benefit of the Secured Parties (as defined in the Credit Agreement), as provided in Section 9-313 of the UCC, and (iii) it is not holding the Property on behalf of the Borrower or any other person or entity (including itself). The Custodian agrees that it will continue to hold the Property in its possession and not transfer the Property without the prior written consent of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower, except in accordance with this Agreement. Following indefeasible payment in full of all amounts owing under the Loan Documents in respect of the Obligations, and the cancellation or termination of the commitments under the Credit Agreement and any other contingent obligations, the security interest of the Agent shall be released in accordance with the terms of the Loan Documents and the Property shall revert to the Borrower.

The Custodian hereby agrees to hold all documents evidencing or representing ownership in or the Borrower's interest or investment in a Portfolio Investment which have been or are delivered to the Custodian by the Borrower or by any other third party at the written direction of the Borrower, including without limitation all promissory notes, certificates and other "instruments" within the meaning of the UCC, as agent and bailee of the Agent, as secured party, and acknowledges that this Agreement constitutes notice in accordance with the UCC and other applicable law of the Agent's security interest in such collateral and does hereby consent thereto. The Custodian shall hold all documents received by it constituting the related Investment File with respect to each Portfolio Investment as described in the preceding paragraph, and shall make disposition thereof only in accordance with the terms of this Agreement. The Custodian shall segregate and maintain continuous custody of all documents constituting each Investment File in a fire resistant vault in accordance with customary standards for such custody, and such Investment Files shall be clearly marked with appropriate notation in the Custodian's computer files to indicate that the Investment Files are held by the Custodian pursuant to this Agreement in a custodial capacity only. The Borrower and the Agent shall have the opportunity to inspect the filing procedures, facilities, and the security procedures. The Agent has made such inspection and has found them to comply with this Agreement.

No less than monthly, the Custodian shall provide a report to the Borrower and the Agent which lists all Portfolio Investments then held by Custodian pursuant to the terms of this Agreement. The Custodian shall conduct, or cause to be conducted, periodic reviews of all items held by it under this Agreement in such a manner as shall enable the Agent or the Borrower to verify the accuracy of the Custodian's record keeping.



The Custodian agrees and covenants that it will separately identify the related Investment Files with respect to each Portfolio Investment delivered to the Custodian pursuant to this Agreement from any and all other files, documents or agreements at any time or from time to time delivered to the Custodian by or on behalf the Borrower or any of its affiliates.

In the event that (i) the Agent, the Borrower or the Custodian shall be served by a third party with any type of levy, attachment, writ or court order with respect to any Investment File or any document included within an Investment File or (ii) a third party shall institute any court proceeding by which any Investment File or a document included within an Investment File shall be required to be delivered otherwise than in accordance with the provisions of this Agreement, the party receiving such service shall promptly deliver or cause to be delivered to the other parties to this Agreement copies of all court papers, orders, documents and other materials concerning such proceedings. The Custodian shall, to the extent permitted by law and any court order, continue to hold and maintain all Investment Files that are the subject of such proceedings pending an order of a court of competent jurisdiction permitting or directing disposition thereof. Upon final determination of such court, and if permitted by such determination, the Custodian shall release such Investment File or any document included within such Investment File as directed in writing by the Borrower (with notice to the Agent), or, if a Default or Event of Default has occurred and is continuing, the Agent, which shall give a direction consistent with such court determination. The Custodian shall have no obligation to monitor or appear in any such proceeding on behalf of or in the name of the Borrower or the Agent. Expenses and fees (including without limitation, attorney's fees) of the Custodian incurred as a result of such proceedings shall be borne by the Borrower.

Section 5. Representations and Warranties of the Custodian.

The Custodian represents and warrants to the Administrative Agent that:

(a) The Custodian (i) is duly organized, validly existing and in good standing under the laws of North Carolina, (ii) has full corporate power and authority to conduct its business and affairs as a custodian and (iii) is a bank having the qualifications prescribed in Section 26(a) of the Investment Company Act of 1940, as amended (the "1940 Act") for the trustees of unit investment trusts.

(b) The Custodian hereby represents and warrants that it does not control, is not controlled by, nor is under common control with (either directly or indirectly) the Borrower or any of its affiliates.

(c) This Agreement, when executed and delivered by the Custodian, shall constitute the valid, legal and binding obligation of the Custodian, enforceable against the Custodian in accordance with its terms, except as the enforcement thereof may be limited by applicable receivership or similar debtor relief laws and that certain equitable remedies may not be available regardless of whether enforcement is sought in equity or at law.

(d) The Custodian is not in material breach of any material agreement to which it is a party.

(e) By execution of this Agreement, the Custodian represents, warrants and covenants that it does not currently hold, and during the existence of this Agreement shall not hold, any adverse interest, by way of security or otherwise, in any Portfolio Investment, and hereby waives any lien which the Custodian might have pursuant to statute or otherwise available at law or in equity on the Portfolio Investments and the documents constituting the related Investment File with respect to each Portfolio Investment held by the Custodian hereunder, including all monies and proceeds derived therefrom or relating thereto.

(f) The Custodian shall not, except with respect to the Custodian's right to receive its reasonable and customary fees and expenses hereunder, at any time exercise or seek to enforce any claim, right or remedy, including any statutory or common law rights of set-off, if any, that the Custodian may otherwise have against all or any part of an Investment File, a Portfolio Investment, or any proceeds of the foregoing or against the Borrower or the Agent.

(g) The Custodian maintains insurance as required by Section 13 hereof.

The representations and warranties of the Custodian set forth above shall survive the execution, delivery and termination of this Agreement shall inure to the benefit of the Agent and the Borrower so long as this Agreement is in effect.

#### Section 6. Trust Receipts.

Within five (5) Business Days after the receipt of the Investment Files pursuant to Section 2 hereof or such other time period mutually agreed to by the Borrower, the Agent and the Custodian, the Custodian shall ascertain that (i) all documents required to be delivered to it are in its possession, and (ii) that each note, certificate or other original collateral document, if any, listed in Schedule A to each Comfort Letter is an original, executed counterpart of such document, except as set forth on the exception schedule and (iii) shall deliver to the Agent and to the Borrower a Trust Receipt substantially in the form of Exhibit 2 attached hereto.

Each Trust Receipt issued hereunder shall be numbered sequentially, and the Custodian shall maintain a record of such numbers and the name of the party to which such Trust Receipt was issued.

The Custodian makes no representation as to: (i) the validity, legality, sufficiency, enforceability or genuineness of any of the documents contained in each Investment File or (ii) the collectability, insurability, effectiveness or suitability of any Portfolio Investment. The Custodian shall have no obligation to verify the receipt of any documents, the existence of which was not delivered or not made known to the Custodian as part of the Investment File, and the Custodian shall have no obligation to determine whether the recordation of any document is necessary, nor shall the Custodian be responsible for the value, form, substance, validity, perfection, priority, effectiveness or enforceability of any of such documents.

The Custodian shall provide the Agent and the Borrower with an exception report which shall be attached to such Trust Receipt and shall specifically identify any missing endorsements or documents required to be delivered to the Custodian pursuant to Section 2 and the party or

parties whose signatures may be required for any such endorsement. The Custodian shall have no duty to obtain any missing endorsement or document. The Custodian shall be under no duty or obligation to inspect, review or examine any such documents, instruments, certificates or other papers to determine that they are genuine, enforceable, executed by an authorized officer, or appropriate for the represented purpose or that they are other than what they purport to be on their face.

Section 7. Future Defects.

During the term of this Agreement, the Custodian shall immediately notify the Agent and the Borrower of any defect with respect to an Investment File or any failure on its part to hold the Investment Files as herein provided.

Section 8. Release.

(a) From time to time and as requested by the Agent, the Custodian is hereby authorized, upon receipt from the Agent of a request and receipt for release of documents, in substantially the form annexed hereto as Exhibit 3, reasonably believed by the Custodian to be signed by an Authorized Person of the Agent whose name appears on Exhibit 4 hereof to release to the Agent or its designee the related Investment File or the documents set forth in such request and receipt of such Person. The Agent agrees with Borrower that it will not make any request for release unless a Default or Event of Default has occurred and is continuing. The Agent shall provide a copy of any such request and receipt for release to the Borrower simultaneously with the delivery thereof to the Custodian. The Custodian shall promptly notify the Borrower after it has released any Investment File or any document therein.

(b) From time to time so long as no Default or an Event of Default has occurred and is continuing, in connection with a sale, transfer, exchange, liquidation, payment in full or modification or extension of any Portfolio Investment in the ordinary course of business, and subject to the other provisions set forth in this Section 8, the Custodian is also authorized, upon receipt from the Borrower of a request and receipt for release of documents, in substantially the form annexed hereto as Exhibit 3, reasonably believed by the Custodian to be signed by an Authorized Person of the Borrower whose name appears on Exhibit 5 hereof, to release the related Investment File or the related documents set forth in such request and receipt for release to a party other than the Borrower or any of its Affiliates. The Borrower shall provide a copy of any such request and receipt for release to the Agent simultaneously with the delivery thereof to the Custodian. At any time when three (3) or more Investment Files are currently released pursuant to any request by or on behalf of the Borrower, the Custodian shall, prior to giving effect to such release, obtain the consent of the Agent prior to complying with such requested release (which consent shall not be unreasonably withheld prior to the occurrence and continuance of any Default or Event of Default). The Custodian shall promptly notify the Agent after it has released any Investment File or any document therein. Any transmittal of documentation pursuant to a request and receipt for release under this clause (b) shall be under the cover of a transmittal letter substantially in the form of the Bailee Letter attached as Exhibit 9 hereto, duly completed and executed by the Custodian. The Custodian shall retain the executed Bailee Letter in the stead of the related Investment File and shall notify the Agent and the Borrower in the event that the third party designated to receive such Investment File or such

documents fails to execute and deliver to the Custodian a countersignature to the Bailee Letter within three (3) Business Days of delivery thereof.

(c) The Custodian shall release any requested Investment Files pursuant to the foregoing at the direction of the Borrower or the Agent, as the case may be, on the same day, if the request therefor is received by the Custodian prior to 2:00 p.m. Eastern time, or, otherwise, on the next succeeding Business Day after receipt of a request of release therefor. The Custodian shall maintain a list of the Investment Files or if less than the entire Investment File, the documents released. Upon return of the documents or the Investment File, the Custodian shall maintain a list of the Investment Files or the documents returned.

(d) The Borrower covenants and agrees that:

(i) in the case of any documents of a type described in clauses 2(a)(i) or 2(a)(iii), it shall not make any request for the release thereof until the obligations of the Obligor under the related Portfolio Investment have been repaid in full, except for (A) ultimate sale or exchange, and in such case the Borrower further agrees that all cash proceeds thereof shall be deposited in a deposit account that is the subject of a control agreement that creates a valid and perfected first-priority security interest in and lien in favor of the Administrative Agent for the benefit of the Secured Parties (as defined in the Credit Agreement) or (B) renewal, amendment or registration of transfer; provided that any document received in replacement, substitution or exchange thereof is delivered to the Custodian prior to release of the existing original;

(ii) it shall not, directly or indirectly, maintain physical possession or "control" within the meaning of the UCC of any Investment Files or documents released pursuant to this Section 8 or instruct any Person to release or deliver the Investment Files or any documents to it or any of its Affiliates or any agent on its or their behalf (other than the Agent);

(iii) it shall instruct each third party to which an Investment File is delivered pursuant to clause (b) to execute and deliver to the Custodian a countersignature to the Bailee Letter delivered to such Person in connection therewith (which delivery may be by facsimile) and, in the event that such Person fails to do so within three (3) Business Days of receipt of any Investment File or documents, and the Portfolio Investment relating to such Investment File or document has not yet been sold, exchanged, transferred, liquidated or paid in full, it shall direct such Person, and shall use its best efforts to cause such Person, to immediately return the Investment File and any documents to the Custodian;

(iv) it shall promptly instruct such third parties to whom any Investment File or documents have been delivered to return to the Custodian any Investment File or other such documents when the need therefor no longer exists, unless the Portfolio Investment shall be sold, exchanged, transferred or liquidated, in which case, thereupon it shall, in substantially the form annexed hereto as Exhibit 10, certify to the Custodian and the Agent that such sale, transfer or liquidation has occurred;

(v) at any time an Investment File or documents therein are not held by the Custodian or by a bailee that has executed and delivered a valid, binding and effective Bailee Letter in favor of the Agent, the related Portfolio Investment shall not be eligible for inclusion in the Borrowing Base unless otherwise agreed in writing by the Agent in its sole discretion; and

(vi) it shall not make any request for release of any Investment File or documents therein if, after giving effect to such release, a Default shall occur and be continuing.

The Agent shall have the right to instruct the Custodian not to release, and Custodian in such instance agrees not to so release, an Investment File if, in its good faith judgment, the Agent believes that the Borrower's request does not or shall not comply with the foregoing covenants.

(e) Any Person may provide an electronic transmission for release of documents in a form agreed to in advance of the initial transmission by the Borrower, the Agent and the Custodian containing information readable without intervention by the Custodian's data processing operations or computer hardware and software staff, and arranged in a record layout to be specified by the Custodian (a "Paperless Release Request"). All parties agree to maintain and control access to electronic signature information and assume liability for any unauthorized use thereof. Such parties also agree to maintain accurate records of electronic transactions related to the Investment Files. Each such Person hereby authorizes the Custodian to automatically append the electronic signature of an Authorized Representative to the applicable request for release of documents and agrees and acknowledges that by appending such Authorized Representative's electronic signature, the Custodian shall be entitled to rely thereon. For purposes of this Agreement, the term "electronic signature" is defined as an "electronic identifier intended by the person using it to have the same force and effect as the use of a manual signature." Each Paperless Release Request shall be confirmed in writing and delivered to all parties in accordance with Section 19. All parties agree in advance to comply with all of the Custodian's security and record layout standards in connection with any Paperless Release Request as may be amended from time to time upon notice from the Custodian to such parties. The Custodian reserves the right to restrict or suspend such parties' access to the Custodian's computer systems for maintenance or repairs or for any other reason in the Custodian's sole discretion, provided, however, that the Custodian shall promptly provide such parties notice of such restriction or suspension. Notwithstanding the foregoing, such parties are authorized to transmit, and the Custodian is authorized to accept, signed facsimile copies of requests for release.

#### Section 9. Procedures Upon Default.

(a) The Agent shall notify the Custodian when a Default or an Event of Default has occurred and is continuing. No knowledge of any Default or Event of Default will be implied against the Custodian in the absence of such notice. The Custodian shall have no duty to inquire whether a Default or an Event of Default has occurred and is continuing.

(b) Following notification by the Agent (which may be by facsimile) to the Custodian that a Default or an Event of Default has occurred and is continuing, the Custodian shall not release any item relating to any Portfolio Investment (including without limitation the Investment Files) to the Borrower or any other Person without the express prior written consent and at the direction of the Agent.

(c) Upon the written direction of the Agent from and after the occurrence of a Default or an Event of Default, the Custodian shall submit for recording and/or filing any assignments, instruments of transfer or other documents with respect to each Portfolio Investments. The Borrower shall be responsible for all reasonable out-of-pocket costs and expenses of the Custodian associated with the recording and/or filing of any such assignments, instruments of transfer or other documents with respect to the Portfolio Investments.

#### Section 10. Fees and Expenses of Custodian.

All reasonable fees of the Custodian for its services under this Agreement, and any reasonable expenses incurred by the Custodian (including but not limited to reasonable counsel fees), will be promptly paid and reimbursed by the Borrower, or its affiliate, pursuant to a fee agreement between the Borrower, or its affiliate, and the Custodian.

#### Section 11. Removal of Custodian.

(a) The Agent or the Borrower, upon (i) at least thirty (30) days prior written notice to the Custodian and the other party, may remove and discharge the Custodian (or any successor custodian thereafter appointed), with cause, and (ii) at least sixty (60) days prior written notice to the Custodian and the other party, and with the consent of the other party (which consent shall not be unreasonably withheld), may remove and discharge the Custodian (or any successor custodian thereafter appointed), without cause, from the performance of its obligations under this Custodial Agreement; provided, that, if a Default or an Event of Default has occurred and is continuing, (Y) the Borrower's consent shall not be required as a condition to Agent's removing or discharging the Custodian without cause, and (Z) the Borrower shall have no right to remove or discharge the Custodian without cause. Promptly after the giving of notice of removal of the Custodian, the Agent shall appoint, by written instrument, a successor custodian, which appointment shall, unless a Default or an Event of Default has occurred and is continuing, require the consent of the Borrower, which consent shall not be unreasonably withheld. One original counterpart of such instrument of appointment shall be delivered to each of the Agent, the Borrower, the Custodian and the successor custodian.

(b) In the event of any such removal, the Custodian shall promptly transfer to the successor custodian, as directed in writing, all the Investment Files being administered under this Custodial Agreement. The cost of the shipment of Investment Files shall be at the expense of the Custodian, in the event of a removal for cause, and otherwise at the expense of the Borrower. The Borrower shall be responsible for the fees and expenses of the successor custodian.

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Section 12. Examination of Investment Files.

Upon reasonable prior written notice to the Custodian, the Borrower and the Agent and their respective agents, designees, accountants, attorneys and auditors will be permitted during normal business hours to examine the Investment Files. In addition, the Custodian shall permit access during normal business hours to vendors, professionals and others employed by the Borrower for the purpose of reviewing and repairing document deficiencies contained in the Investment Files. All records relating to the Borrower's assets shall remain the property of the Borrower, and the Custodian shall maintain such records in accordance with the 1940 Act. Any such examination shall be subject to the reasonable procedures of the Custodian. The Borrower shall indemnify and hold the Custodian harmless from all claims, costs, expenses, losses and damages incurred by the Custodian as a result of the loss or misplacement of any Investment Files or documents or papers contained in the Investment Files while in the possession of the examining party, except in the case of any loss or misplacement resulting from the gross negligence or willful misconduct of the Agent or its respective agents, designees, accountants, attorneys or auditors.

The Investment Files will initially be maintained at the Custodian's office located at 5130 Parkway Plaza Boulevard, Charlotte, North Carolina 28217 and the Custodian will provide at least 30 days prior written notice to the Borrower and the Agent before such location is changed.

Section 13. Insurance of Custodian.

At its own expense, the Custodian shall maintain at all times during the existence of this Agreement and keep in full force and effect fidelity insurance, theft of documents insurance, and such insurance shall be in amounts with standard coverage and subject to deductibles as is customary for insurance typically maintained by banks which act as custodian of assets similar to the Portfolio Investments, and in no event in an annual amount less than \$1,000,000.

Section 14. Counterparts.

For the purpose of facilitating the execution of this Agreement as herein provided and for other purposes, this Agreement may be executed simultaneously in any number of counterparts each of which counterparts shall be deemed to be an original, and such counterparts shall constitute and be one and the same instrument.

Section 15. Governing Law/Submission to Jurisdiction.

This Agreement shall be deemed to have been made in and shall be construed in accordance with the laws of the State of North Carolina and its validity, construction and effect shall be governed by the internal laws of the State of North Carolina applicable to agreements wholly performed therein. The appropriate state and federal courts located in the County of Mecklenburg or the County of Forsyth in the State of North Carolina shall be an appropriate venue for any action, suit or other proceeding arising from or based upon this Agreement. The parties hereto waive any objection to the propriety or convenience of venue in such courts or to the jurisdiction of such courts over any party and agree that any judgment entered therein may be enforced with no further defense or offset in any jurisdiction in which the defendant is a citizen, resides or owns property. Nothing in this Section 15 shall affect the right of the Agent to bring

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any action or proceeding against any party hereto or its property in the courts of any other jurisdiction.

Section 16. Copies of Documents from Investment Files.

Upon the request of the Borrower or, with notice to the Borrower, the Agent and at the cost and expense of the Borrower (including fees and expenses associated with researching and making its copies), the Custodian shall provide the Borrower or the Agent with copies of the documents in the related Investment File with respect to each Portfolio Investment.

Section 17. Resignation of Custodian.

The Custodian may resign upon at least sixty (60) days prior written notice to the Borrower and the Agent. Upon such resignation, the Agent may appoint a successor custodian in accordance with Section 11 hereof, and the resigning Custodian shall immediately comply with the provisions of such Section 11. If a successor is not appointed within forty-five (45) days, the Custodian may petition a court of competent jurisdiction for a successor. Regardless of the reasons for the removal or resignation of the Custodian, the obligations of a removed or resigning Custodian under this Custodial Agreement and its status as custodian for and bailee of the Agent with respect to the Collateral covered hereby shall continue until all of the Investment Files being administered under this Custodial Agreement have been transferred to the successor custodian in accordance with Section 11. The payment of such successor custodian's fees shall be solely the responsibility of the Borrower.

Section 18. Term of Agreement.

Promptly after written notice from the Agent of the termination of the Credit Agreement and payment in full of all amounts owing to the Secured Parties (as defined in the Credit Agreement) and the Agent thereunder, the Custodian shall deliver all documents remaining in the Investment Files to the Borrower in accordance with the Borrower's written instructions. The Borrower shall not be obligated to pay any fees or expenses of the Custodian, except for shipping costs, attributable to periods following delivery of the Borrower's written delivery instructions to the Custodian.

Section 19. Notices.

All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given when received by the recipient party at the address shown on the first page hereof or at such other address as may hereafter be furnished to the other party by like notice. Any such demand, notice or communication hereunder shall be deemed to have been received on the date actually delivered to or received at the premises of the addressee (as evidenced, in the case of registered or certified mail, by the date noted on the return receipt).



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If to Borrower:

Triangle Capital Corporation  
3700 Glenwood Avenue, Suite 530  
Raleigh, North Carolina 27612  
Attention: Steven C. Lilly  
Telephone: (919) 719-4789  
Facsimile: (919) 719-4777

If to the Agent:

At such address, phone number and facsimile number as set forth in Exhibit 4 hereto.

If to the Custodian:

Branch Banking and Trust Company,  
Mortgage Custody Department of Corporate Trust Services  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217-1964  
Attention: Susan Tittl  
Telephone: (704) 954-1852  
Telecopy: (704) 954-1830

Section 20. Successors and Assigns.

Except as provided herein, the Custodian may not assign its rights or delegate its obligations under this Agreement without the express written consent of the Borrower and the Agent. Any attempted assignment of rights or delegation of duties by the Custodian without such consent shall be void. This Agreement shall inure to the benefit of the successors and assigns of the parties hereto.

Section 21. Liability of the Custodian.

Neither the Custodian nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith in good faith and believed by it or them to be within the purview of this Agreement, including without limitation in the selection of shippers and methods of shipment, except for its or their own gross negligence or willful misconduct. In no event shall the Custodian or its directors, officers, agents and employees be held liable for any special, indirect or consequential damages resulting from any action taken or omitted to be taken by it or them hereunder or in connection herewith. The Custodian shall not be responsible to any party for recitals, statements or warranties or representations of the Borrower contained herein or in any document or be bound to ascertain or inquire as to the performance or observance of any of the terms of this Agreement or any participation and servicing agreement with respect to the Portfolio Investments on the part of the Borrower, except as may otherwise be specifically set forth herein.

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Section 22. Indemnification.

The Borrower agrees to defend, indemnify and hold the Custodian and its directors, agents and employees harmless against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursement of any kind or nature whatsoever, including reasonable attorney's fees, that may be imposed on, incurred by, or asserted against it or them in any way relating to or arising out of this Agreement or any action taken or not taken by it or them hereunder unless such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs or expenses are determined by a final judicial decree to result from the gross negligence, lack of good faith or willful misconduct of the Custodian, its directors, officers, agents or employees. The foregoing indemnification shall survive any termination of this Agreement or the resignation or removal of the Custodian.

Section 23. Custodian's Reliance.

In the absence of bad faith on the part of the Custodian, the Custodian may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any request, instructions, certificate, opinion or other document furnished to the Custodian, believed by the Custodian to be genuine and to have been signed or presented by the proper party or parties and conforming to the requirements of this Agreement; but in the case of any Investment File or other request, instruction, document or certificate which by any provision hereof is specifically required to be furnished to the Custodian, the Custodian shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Agreement. The Custodian may consult with outside counsel approved by the Borrower and any opinion shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such opinion of counsel.

Section 24. Merger or Consolidation of Custodian.

Any Person into which the Custodian may be merged or converted or with which it may be consolidated, or any Person resulting from any merger, conversion or consolidation to which the Custodian shall be a party, or any Person succeeding to the business of the Custodian, shall be the successor of the Custodian under this Agreement, without the execution of filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 25. Transmission of Investment Files.

The Custodian shall use United Parcel Service, Federal Express or other nationally recognized overnight courier service for the purpose of transmission of the Investment Files in the performance of the Custodian's duties hereunder. The Borrower will arrange for the provision of such services at its sole cost and expense (or, at the Custodian's option, reimburse the Custodian for all costs and expenses incurred by the Custodian consistent with such instruction) and will maintain such insurance against loss or damage to Investment Files as the Agent deems appropriate. Without limiting the generality of the provisions of Section 21 above, it is expressly agreed that in no event shall the Custodian have any liability for any losses or

damages to any person, including without limitation, the Borrower, arising out of actions of the Custodian consistent with instructions of the Borrower.

Section 26. Authorized Representatives.

Each representative of the Agent, the Borrower and the Custodian who is named on Exhibit 4, Exhibit 5, or Exhibit 6 hereto, respectively (an “Authorized Person”) is authorized to give and receive notices, requests and instructions, to deliver certificates and documents in connection with this Agreement on behalf of the Agent, the Borrower or the Custodian, respectively, and may, by delivering to the others a revised exhibit, change the information previously given, but each of the other parties hereto shall be entitled to rely conclusively on the last exhibit until receipt of a superseding exhibit.

Section 27. Reproduction of Documents.

This Agreement and all documents relating thereto, including, without limitation, (a) consents, waivers and modifications which may hereafter be executed, and (b) certificates and other information previously or hereafter furnished, may be reproduced by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process. The parties agree that any such production shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

Section 28. Force Majeure.

To the maximum extent permitted by law and notwithstanding any other provision of this Agreement, the Custodian will not be liable for, and the Borrower hereby releases the Custodian from responsibility for all losses, claims, liabilities, expenses (including counsel fees both outside and internal allocated costs) and damages due to errors, delays or inaccuracies in transmission and from all liability for losses arising out of interruption of business due to acts of God, acts of governmental authority, acts of a public enemy, or due to any and all wars, riots, fires, floods, civil commotion, insurrections, labor difficulties, severe weather conditions, interruption, delay in, or loss (partial or complete) of electrical power or external computer (hardware or software) or communications services, strikes or other labor disturbance by employees or nonaffiliates, government, judicial or regulatory organization order, rule or regulation; energy or natural resource difficulty or storage, and inability to obtain materials, equipment or transportation and equipment, system and software failures or any other causes beyond the reasonable control of the Custodian, preventing or delaying performance of any obligation under this Agreement. This release shall survive termination of this Agreement.

Section 29. Confidentiality Agreement.

The Custodian acknowledges that the Investment Files may contain information which the Borrower deems “confidential”, “proprietary” and “secret.” The Custodian shall hold and, shall at all times ensure that its employees and agents hold in confidence all information contained in the Investment Files, and will prevent (a) the disclosure by it or its agents or

employees to others of any such proprietary, confidential or secret information of the Portfolio Investments or (b) the use of such information other than for purposes set forth herein, unless authorized to do so in writing by the Borrower.

Section 30. No Amendments.

No amendments or modifications to this Agreement shall be effective unless agreed to in writing by all the parties hereto.

Section 31. Express Duties.

It is expressly agreed by the parties hereto that the Custodian has no duties or obligations regarding the Investment Files other than that specifically set forth in this Agreement and has no obligation to sign any documents except for those specifically agreed to be executed by the Custodian under this Agreement as custodian and the Custodian shall not be required to place its funds at risk and may require written indemnification for any action requested to be taken that is not specifically set forth in this Agreement. The Custodian may without incurring any liability to any person delay performance hereunder to verify the authority of any Authorized Person or to consult with its legal counsel.

Section 32. Enforcement of Rights.

The Custodian and the Borrower each acknowledge that the Agent shall have the right, subject to the terms of the Loan Documents, to enforce the Borrower's rights and remedies under this Agreement, including, without limitation, the right at any time to enforce this Agreement and the obligations of the Custodian hereunder, and the right at any time to give or withhold any and all consents, requests, notices, directions, approvals, demands, extensions or waivers under or with respect to this Agreement with respect to Investment Files; provided, however, that the Agent shall not be obligated to perform any of the obligations of the Borrower under this Agreement. The Custodian acknowledges that the rights of the Agent with respect to the rights and remedies in connection with any indemnification or any breach of any representation, warranty or covenant made by the Custodian under this Agreement shall be continuing and shall survive any termination of this Agreement.

Section 33. No Proceedings.

The Custodian hereby agrees that it will not institute suit against the Borrower, or join any other Person in instituting against the Borrower, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or any other proceedings under any federal or state bankruptcy or similar law. The foregoing shall not limit the Custodian's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than the Custodian.

Section 34. Custody Agreement.

Each party hereto represents that this Agreement is a 1940 Act custody agreement and shall be interpreted in accordance therewith; provided, however, that nothing in the foregoing shall be deemed to adversely affect the perfection of the security interests of the Agent for the

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benefit of the Secured Parties (as defined in the Credit Agreement) in the Collateral pursuant to the provisions of this Agreement.

IN WITNESS WHEREOF, the Borrower, the Agent and the Custodian have caused their names to be duly signed hereto by their respective officers' thereunto duly authorized, all as of the first above written.

BORROWER:

TRIANGLE CAPITAL CORPORATION

By: /s/ Steven C. Lilly

Name: Steven C. Lilly

Title: Chief Financial Officer

CUSTODIAN:

BRANCH BANKING AND TRUST COMPANY, MORTGAGE  
CUSTODY DEPARTMENT OF CORPORATE TRUST  
SERVICES

By: /s/ Susan Tittl

Name: Susan Tittl

Title: Vice President

AGENT:

BRANCH BANKING AND TRUST COMPANY,  
as Agent

By: /s/ Matthew Rush

Name: Matthew Rush

Title: Senior Vice President

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**EXHIBIT 1**  
**INTENTIONALLY OMITTED**

**EXHIBIT 2  
TRUST RECEIPT**

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

No. \_\_\_\_\_

To: \_\_\_\_\_

Address: \_\_\_\_\_

Number of Portfolio Investments covered by this Trust Receipt: \_\_\_\_\_

Re: Custodial Agreement dated as of June 13, 2011 between Triangle Capital Corporation, as Borrower and Branch Banking and Trust Company, Mortgage Custody Department of Corporate Trust Services, as Custodian, and Branch Banking and Trust Company, as Agent

Ladies and Gentlemen:

In connection with the above-referenced Custodial Agreement (as amended, restated, supplemented or otherwise modified from time to time, the ("Custodial Agreement"), the undersigned, as Custodian, hereby certifies that as to each Portfolio Investment listed in the List of Portfolio Investments attached hereto, (i) it has in its physical possession the related Investment File with respect to such Portfolio Investment listed on the List of Portfolio Investments attached hereto (excluding the items listed on the schedule of exceptions attached hereto, if any) (the "Property"), (ii) that it is not holding the Property on behalf of the Borrower or any other person or entity (including itself), and (iii) that it will hold such Investment File as bailee and agent for and on behalf of the Agent for purposes of perfecting the interests of the Agent, for the benefit of the secured parties referred to in the Credit Agreement, as provided in Section 9-313 of the UCC. The Custodian agrees that it will continue to hold the Property in its possession and not transfer the Property without the prior written consent of the Agent except in accordance with the Custodial Agreement. The Custodian has reviewed the related Investment File and has determined that, except as set forth on the Exception Report attached hereto, (i) all documents required to be delivered to it pursuant to the Custodial Agreement are in its possession, (ii) such documents have been reviewed by it and appear regular on their face and relate to such Portfolio Investment, (iii) based on its examination of the foregoing documents, such documents on their face satisfy the requirements set forth in Section 2 of the Custodial Agreement, provided, that the Custodian has no obligation to verify the receipt of any such documents the existence of which was not made known to the Custodian by the schedule provided to the Custodian by the Borrower, and provided, further, that the Custodian has no obligation to determine whether recordation of any such modification is necessary; (iv) all documents required to be delivered to it pursuant to Section 2 of the Custodial Agreement are in its possession; (v) all other documents required to be delivered to it pursuant to Section 2 of the Custodial Agreement are in its possession.

[This Trust Receipt hereby replaces in its entirety, Trust Receipt number \_\_\_\_].

The undersigned acknowledges and agrees that the Agent is the express third party beneficiary of the rights of the Borrower arising under the Custodial Agreement. The undersigned acknowledges that the Agent shall have the right, subject to the terms of the Loan



Documents, to enforce the Borrower's rights and remedies under the Custodial Agreement, including, without limitation, the right at any time to enforce the Custodial Agreement and the obligations of the Custodian thereunder, and the right at any time to give or withhold any and all consents, requests, notices, directions, approvals, demands, extensions or waivers under or with respect to the Custodial Agreement with respect to the Investment Files covered by this Trust Receipt, provided, however, that the Agent shall not be obligated to perform any of the obligations of the Borrower under the Custodial Agreement. The Custodian acknowledges that the rights of the Agent with respect to the rights and remedies in connection with any indemnification or any breach of any representation, warranty or covenant made by the Custodian under the Custodial Agreement shall be continuing and shall survive any termination of the Custodial Agreement and this Trust Receipt.

All initially capitalized terms used herein shall have the meanings ascribed to them in the above-referenced Custodial Agreement.

Branch Banking and Trust Company, Mortgage Custody  
Department of Corporate Trust Services, as Custodian

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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List of Portfolio Investments

2 - 3

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Schedule of Exceptions

2 - 4

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**EXHIBIT 3**  
**REQUEST AND RECEIPT FOR RELEASE OF DOCUMENTS**

To: BB&T Mortgage Custody Department  
Susan Tittl, Vice President  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217-1964

Re: Custodial Agreement dated as of June 13, 2011 between Triangle Capital Corporation, as Borrower and Branch Banking and Trust Company, Mortgage Custody Department of Corporate Trust Services, as Custodian, and Branch Banking and Trust Company, as Administrative Agent

In connection with the administration of the Portfolio Investments held by you as the Custodian, we request the release, and acknowledge receipt, of the (Investment File/specify documents) for the Portfolio Investment described below.

Obligor's Name:

Obligor's Address & Zip Code:

Reason for Requesting Documents: (check one)

- ☐ 1. Portfolio Investment Paid in Full
- ☐ 2. Portfolio Investment Sold, Exchanged or Transferred
- ☐ 3. Portfolio Investment Liquidated By \_\_\_\_\_
- ☐ 4. Portfolio Investment being enforced
- ☐ 5. Other (explain) \_\_\_\_\_

If box 4 or 5 above is checked, upon our return of all of the above documents to you as the Custodian, please acknowledge your receipt by signing in the space indicated below, and returning this form and deliver such consent to the Custodian before any files are released.

[In connection with this Request for Release and Receipt, the Borrower hereby certifies to the Agent and the Custodian that, as of the date hereof, no Default or Event of Default has occurred and is continuing under the Credit Agreement.]<sup>1</sup>

TRIANGLE CAPITAL CORPORATION

or

BRANCH BANKING AND TRUST COMPANY

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

[Acknowledged by:

Branch Banking and Trust Company, as Agent

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_]<sup>2</sup>

Acknowledgement of Documents Returned to the Custodian:

Branch Banking and Trust Company, Mortgage Custody

Department of Corporate Trust Services

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

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

<sup>1</sup> Include for any requests made by the Borrower.

<sup>2</sup> Include if more than 3 Investment Files are currently on release at request of Borrower.

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**EXHIBIT 4**  
**AUTHORIZED REPRESENTATIVES OF THE AGENT AND INFORMATION FOR NOTICES**

Name	Title
Matthew Rush	Authorized Agent
Michael Skorich	Authorized Agent
Jack Frost	Authorized Agent

INFORMATION FOR NOTICES

Address:  
Branch Banking and Trust Company  
200 West 2nd Street, 16th Floor  
001-16-16-20  
Winston-Salem NC 27101  
Attention: Matthew W. Rush

Telephone: (336) 733-2422  
Facsimile: (336) 733-2740

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**EXHIBIT 5**  
**AUTHORIZED REPRESENTATIVES OF BORROWER**

Name	Title
Steven C. Lilly	Chief Financial Officer
C. Robert Knox	Principal Accounting Officer

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**EXHIBIT 6**  
**AUTHORIZED REPRESENTATIVES OF CUSTODIAN**

Name	Title
Susan Tittl	Vice President
Tom Trotter	Trust Officer



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**EXHIBIT 7**  
**FORM OF LIST OF PORTFOLIO INVESTMENTS**

Obligor's Name:

Obligor's Address:

1. Original promissory note[s], and endorsements for each such note, executed in blank, as follows: [promissory notes by \_\_\_\_\_ dated \_\_\_\_\_, 20\_\_\_\_, in the original principal amount of \$\_\_\_\_\_];
2. Original certificates representing equity interests, together with transfer powers for each such certificate, executed in blank, as follows: [Certificate No. \_\_\_\_ of \_\_\_\_ shares of [Name of Issuer], Certificate No. \_\_\_\_ of \_\_\_\_ shares of [Name of Issuer]]; and
3. [Describe any of the following specifically, if applicable: [Letter of Credit], [Instruments], [certificates of deposit], [Loan and Security Agreement].

**EXHIBIT 8  
FORM OF COMFORT LETTER**

**COMFORT LETTER**

To: BB&T Mortgage Custody Department  
Susan Tittl, Vice President  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217-1964

Ladies and Gentlemen:

On this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, Triangle Capital Corporation (the "Borrower"), under that certain Custodial Agreement, dated as of June 13, 2011 (the "Agreement"), among Borrower, Branch Banking and Trust Company, Mortgage Custody Department of Corporate Trust Services (the "Custodian"), and Branch Banking and Trust Company, as Agent (the "Agent"), does hereby instruct the Custodian to hold, in its capacity as Custodian, the Investment Files with respect to the Portfolio Investments listed on Attachment A hereto, which Portfolio Investments and documents constituting such Investment Files shall be subject to the terms of the Agreement as of the date hereof.

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Comfort Letter to be executed and delivered by its duly authorized officer as of the day and year first above written.

TRIANGLE CAPITAL CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**Attachment A**

Obligor's Name:

Obligor's Address:

1. Original promissory note[s], and endorsements for each such note, executed in blank, as follows: [promissory notes by \_\_\_\_\_ dated \_\_\_\_\_, 20\_\_, in the original principal amount of \$\_\_\_\_\_];

2. Original certificates representing equity interests, together with transfer powers for each such certificate, executed in blank, as follows: [Certificate No. \_\_\_ of \_\_\_ shares of [Name of Issuer], Certificate No. \_\_\_ of \_\_\_ shares of [Name of Issuer]]; and

3. [Describe any of the following specifically, if applicable: [Letter of Credit], [Instruments], [certificates of deposit], [Loan and Security Agreement].

**EXHIBIT 9**

**FORM OF BAILEE LETTER**

BB&T Mortgage Custody Department  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217-1964

[Date]

[NAME OF BAILEE]

[Address of Bailee]

Re: [Identify Portfolio Investment]

Ladies and Gentlemen:

At the request of Triangle Capital Corporation (the "Company"), subject to the terms and conditions set forth herein, we hereby deliver the documents described on Attachment A hereto (the "Original Documents") evidencing the following investment owned by the Company: [Identify Portfolio Investment] (hereinafter, the "Portfolio Investment"). We have released possession of the Original Documents to you only in reliance on your agreement with the terms and conditions set forth herein.

Pursuant to the terms and conditions of that certain Credit Agreement, dated as of May 9, 2011 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Company, the guarantors party thereto, Branch Banking and Trust Company, as administrative agent (the "Administrative Agent") and the lenders party thereto, the Company has pledged all of its right, title and interest in and to, among other things, the Portfolio Investment to the Administrative Agent for the benefit of the Secured Parties (as defined in the Credit Agreement).

By your acceptance of the Original Documents, you acknowledge that (i) the Administrative Agent has a perfected first-priority security interest in the Portfolio Investment and (ii) you have received possession of the Original Documents in trust, as sole and exclusive bailee for and agent of BB&T Mortgage Custody Department (the "Custodian") for purposes of perfecting the security interests of the Administrative Agent, pursuant to the provisions of the Uniform Commercial Code.

Upon your receipt of the Original Documents and until your status as bailee and agent shall automatically terminate as set forth below, you are not to (i) honor any communication or instructions from the Company or its agents or affiliates with respect to the Original Documents without the written consent of the Administrative Agent (other than any

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instruction to return the Original Documents to the Custodian) or (ii) deliver the Original Documents to any third party without the written consent of the Administrative Agent. Furthermore, in no event shall the Original Documents be returned to the Company or any of its agents or affiliates.

Your status and obligations as bailee and agent shall automatically terminate, without further action by any party, upon the earlier to occur of (i) the sale, exchange, transfer, liquidation or payment in full of the Portfolio Investment that the Original Documents evidence or (ii) return of the Original Documents to the Custodian as set forth below.

You agree to deliver the Original Documents to the Custodian: (i) immediately upon your receipt of the Company's written request therefor (provided that such request is received prior to the termination of your status as bailee and agent), (ii) promptly in the event that the sale, exchange, transfer, liquidation or payment in full of the Portfolio Investment that the Original Documents evidence fails to occur or (iii) unless directed otherwise by the Custodian, immediately upon receipt of a notice from the Custodian that a default or an event of default has occurred and is continuing under the Credit Agreement.

Any Original Documents (or portion thereof) being returned in accordance herewith shall be sent to the Custodian by overnight courier to: 5130 Parkway Plaza Boulevard, Charlotte, North Carolina 28217-1964, Attention: Susan Tittl, Vice President, Facsimile: (704) 954-1830, Confirmation Number: (704) 954-1852.

By accepting the Original Documents, you are bound by the terms and provisions of this Bailee Letter, and the notices stated herein, whether or not you sign and return this Bailee Letter to the Custodian. The Custodian requests that you promptly date, sign and return an executed copy of this Bailee Letter to the Custodian by facsimile to the attention of Susan Tittl, Vice President, at (704) 954-1830, with an original to follow to the address provided above; provided, however, that your failure to do so does not nullify your acceptance of the terms of this Bailee Letter.

*[Signature page follows]*

EXECUTED THIS \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

BRANCH BANKING AND TRUST COMPANY, MORTGAGE  
CUSTODY DEPARTMENT OF CORPORATE TRUST  
SERVICES, as Custodian

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

RECEIVED, AGREED & ACKNOWLEDGED BY:

[NAME OF BAILEE]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**Attachment A to Bailee Letter**

1. Original promissory note[s], and endorsements for each such note, executed in blank, as follows: [promissory notes by \_\_\_\_\_ dated \_\_\_\_\_, 20\_\_, in the original principal amount of \$\_\_\_\_\_];
2. Original certificates representing equity interests, together with transfer powers for each such certificate, executed in blank, as follows: [Certificate No. \_\_\_\_ of \_\_\_\_ shares of [Name of Issuer], Certificate No. \_\_\_\_ of \_\_\_\_ shares of [Name of Issuer]]; and
3. [Describe any of the following specifically, if applicable: [Letter of Credit], [Instruments], [certificates of deposit], [Loan and Security Agreement].

EXHIBIT 10

FORM OF CERTIFICATION OF SALE, EXCHANGE, TRANSFER OR LIQUIDATION

[DATE]

To: BB&T Mortgage Custody Department  
Susan Tittl, Vice President  
5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217-1964

Re: [Identify Portfolio Investment] (the "Portfolio Investment")

Reference is made to that certain Custodial Agreement dated as of May 9, 2011 between Triangle Capital Corporation, as Borrower, Branch Banking and Trust Company, Mortgage Custody Department of Corporate Trust Services, as Custodian, and Branch Banking and Trust Company, as Agent (as amended, supplemented or otherwise modified from time to time, the "Agreement")

In connection with the administration of the Portfolio Investments, \_\_\_\_\_, in his capacity as the duly authorized \_\_\_\_\_ of the Borrower, hereby certifies to the Custodian and the Agent that (i) the Portfolio Investment of the Borrower identified above was [sold to \_\_\_\_\_] [exchanged for \_\_\_\_\_] [transferred to \_\_\_\_\_] [liquidated] on [DATE], (ii) each document of a type described in Section 2(a) of the Agreement received in replacement, substitution or exchange for the original documents evidencing such Portfolio Investment has been delivered to the Custodian and (iii) any cash proceeds received in respect of such sale, exchange, transfer or liquidation have been deposited in a deposit account that is the subject of a valid and perfected first-priority security interest in and lien in favor of the Administrative Agent for the Secured Parties (as defined in the Credit Agreement).

Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be executed and delivered by its duly authorized officer as of the day and year first above written.

TRIANGLE CAPITAL CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## [LETTERHEAD OF VENABLE LLP]

June 27, 2011

Triangle Capital Corporation  
Suite 104  
3600 Glenwood Avenue  
Raleigh, North Carolina 27612

Re: Registration Statement on Form N-2

Ladies and Gentlemen:

We have served as Maryland counsel to Triangle Capital Corporation, a Maryland corporation (the "Company"), and a business development company under the Investment Company Act of 1940, as amended (the "1940 Act"), in connection with certain matters of Maryland law arising out of the registration of the following securities having an aggregate initial offering price of up to \$500,000,000 (collectively, the "Securities"): (a) shares of common stock, \$0.001 par value per share, of the Company (the "Common Stock"); (b) shares of preferred stock, \$0.001 par value per share, of the Company (the "Preferred Stock"); (c) warrants (the "Warrants") to purchase Common Stock, Preferred Stock or Debt Securities (as defined herein); (d) subscription rights to purchase Common Stock (the "Rights"); (e) debt securities of the Company (the "Debt Securities"); and (f) units comprised of one or more of the foregoing Securities (the "Units"), covered by the above-referenced Registration Statement, and all amendments thereto (the "Registration Statement"), filed by the Company with the United States Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "1933 Act").

In connection with our representation of the Company, and as a basis for the opinion hereinafter set forth, we have examined originals, or copies certified or otherwise identified to our satisfaction, of the following documents (hereinafter collectively referred to as the "Documents"):

1. The Registration Statement and the form of prospectus included therein, substantially in the form transmitted to the Commission under the 1933 Act;
2. The charter of the Company (the "Charter"), certified by the State Department of Assessments and Taxation of Maryland (the "SDAT");
3. The Third Amended and Restated Bylaws of the Company (the "Bylaws"), certified as of the date hereof by an officer of the Company;
4. A certificate of the SDAT as to the good standing of the Company, dated as of a recent date;

5. Resolutions adopted by the Board of Directors of the Company (the "Board") relating to the registration of the Securities (the "Resolutions"), certified as of the date hereof by an officer of the Company;

6. A certificate executed by an officer of the Company, dated as of the date hereof; and

7. Such other documents and matters as we have deemed necessary or appropriate to express the opinion set forth below, subject to the assumptions, limitations and qualifications stated herein.

In expressing the opinion set forth below, we have assumed the following:

1. Each individual executing any of the Documents, whether on behalf of such individual or any other person, is legally competent to do so.

2. Each individual executing any of the Documents on behalf of a party (other than the Company) is duly authorized to do so.

3. Each of the parties (other than the Company) executing any of the Documents has duly and validly executed and delivered each of the Documents to which such party is a signatory, and such party's obligations set forth therein are legal, valid and binding and are enforceable in accordance with all stated terms.

4. All Documents submitted to us as originals are authentic. The form and content of all Documents submitted to us as unexecuted drafts do not differ in any respect relevant to this opinion from the form and content of such Documents as executed and delivered. All Documents submitted to us as certified or photostatic copies conform to the original documents. All signatures on all such Documents are genuine. All public records reviewed or relied upon by us or on our behalf are true and complete. All representations, warranties, statements and information contained in the Documents are true and complete. There has been no oral or written modification of or amendment to any of the Documents, and there has been no waiver of any provision of any of the Documents, by action or omission of the parties or otherwise.

5. The issuance of, and certain terms of, the Securities to be issued by the Company from time to time will be authorized and approved by the Board, or a duly authorized committee thereof, in accordance with and not in violation of the Maryland General Corporation Law, the Charter, the Bylaws and the Resolutions (such approval referred to herein as the "Corporate Proceedings").

6. Articles Supplementary creating and designating the number of shares and the terms of any class or series of Preferred Stock to be issued by the Company will be filed with and accepted for record by the SDAT prior to the issuance of such Preferred Stock.

7. Upon the issuance of any Securities that are shares of Common Stock ("Common Securities"), including Common Securities which may be issued upon conversion or exercise of any other Securities convertible into or exercisable for Common Securities, the total number of shares of Common Stock issued and outstanding will not exceed the total number of shares of Common Stock that the Company is then authorized to issue under the Charter.

8. Upon the issuance of any Securities that are shares of Preferred Stock ("Preferred Securities"), including Preferred Securities which may be issued upon conversion or exercise of any other Securities convertible into or exercisable for Preferred Securities, the total number of shares of Preferred Stock issued and outstanding, and the total number of issued and outstanding shares of the applicable class or series of Preferred Stock designated pursuant to the Charter, will not exceed the total number of shares of Preferred Stock or the number of shares of such class or series of Preferred Stock that the Company is then authorized to issue under the Charter.

Based upon the foregoing, and subject to the assumptions, limitations and qualifications stated herein, it is our opinion that:

1. The Company is a corporation duly incorporated and existing under and by virtue of the laws of the State of Maryland and is in good standing with the SDAT.

2. Upon the completion of all Corporate Proceedings relating to Common Securities, the issuance of the Common Securities will be duly authorized and, when and if issued and delivered against payment therefor in accordance with the Registration Statement, the Resolutions and the Corporate Proceedings, the Common Securities will be validly issued, fully paid and nonassessable.

3. Upon the completion of all Corporate Proceedings relating to Preferred Securities, the issuance of the Preferred Securities will be duly authorized and, when and if issued and delivered against payment therefor in accordance with the Registration Statement, the Resolutions and the Corporate Proceedings, the Preferred Securities will be validly issued, fully paid and nonassessable.

4. Upon the completion of all Corporate Proceedings relating to the Securities that are Warrants, the issuance of the Warrants will be duly authorized.

5. Upon the completion of all Corporate Proceedings relating to the Securities that are Rights, the issuance of the Rights will be duly authorized.

6. Upon the completion of all Corporate Proceedings relating to the Securities that are Debt Securities, the issuance of the Debt Securities will be duly authorized.

7. Upon the completion of all Corporate Proceedings relating to the Securities that are Units, the issuance of the Units will be duly authorized.

The foregoing opinion is limited to the laws of the State of Maryland and we do not express any opinion herein concerning any other law. We express no opinion as to compliance with federal or state securities laws, including the securities laws of the State of Maryland, or the 1940 Act. To the extent that any matter as to which our opinion is expressed herein would be governed by any jurisdiction other than the State of Maryland, we do not express any opinion on such matter. The opinion expressed herein is subject to the effect of judicial decisions which may permit the introduction of parol evidence to modify the terms or the interpretation of agreements.

The opinion expressed herein is limited to the matters specifically set forth herein and no other opinion shall be inferred beyond the matters expressly stated. We assume no obligation to supplement this opinion if any applicable law changes after the date hereof or if we become aware of any fact that might change the opinion expressed herein after the date hereof.

This opinion is being furnished to you for submission to the Commission as an exhibit to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of the name of our firm therein. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the 1933 Act.

Very truly yours,

/s/ Venable LLP

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the captions "Selected Consolidated Financial and Other Data", "Senior Securities" and "Independent Registered Public Accounting Firm" and to the use of our reports (a) dated March 9, 2011, with respect to the consolidated financial statements and financial highlights of Triangle Capital Corporation as of December 31, 2010 and 2009 and for the three years ended December 31, 2010, and the consolidated financial highlights for the year ended December 31, 2007 and combined financial highlights for the year ended December 31, 2006; (b) dated March 9, 2011, with respect to the effectiveness of internal control over financial reporting of Triangle Capital Corporation as of December 31, 2010 and (c) dated April 1, 2011 with respect to the senior securities table of Triangle Capital Corporation as of December 31, 2010, in the Registration Statement (Form N-2) and related Prospectus of Triangle Capital Corporation.

/s/ Ernst & Young LLP

Raleigh, North Carolina  
June 24, 2011

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors  
Triangle Capital Corporation

We have audited the senior securities table included in the accompanying registration statement on Form N-2 of Triangle Capital Corporation as of December 31, 2010. The senior securities table is the responsibility of Triangle Capital Corporation's management. Our responsibility is to express an opinion on the senior securities table based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the senior securities table is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the senior securities table. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall senior securities table presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the senior securities table referred to above presents fairly, in all material respects, the senior securities, as defined in Section 18 of the Investment Company Act of 1940, of Triangle Capital Corporation at December 31, 2010 in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Raleigh, North Carolina  
April 1, 2011