

Business Development Companies (“BDCs”) at a Glance



Business Development Companies At a Glance

This presentation is intended for investors who may be unfamiliar with Business Development Companies (“BDCs”). It is only intended as a general reference and we encourage you to seek additional information before considering any investment.

This overview also outlines several financial and operational metrics that we believe are important to consider when evaluating a BDC.

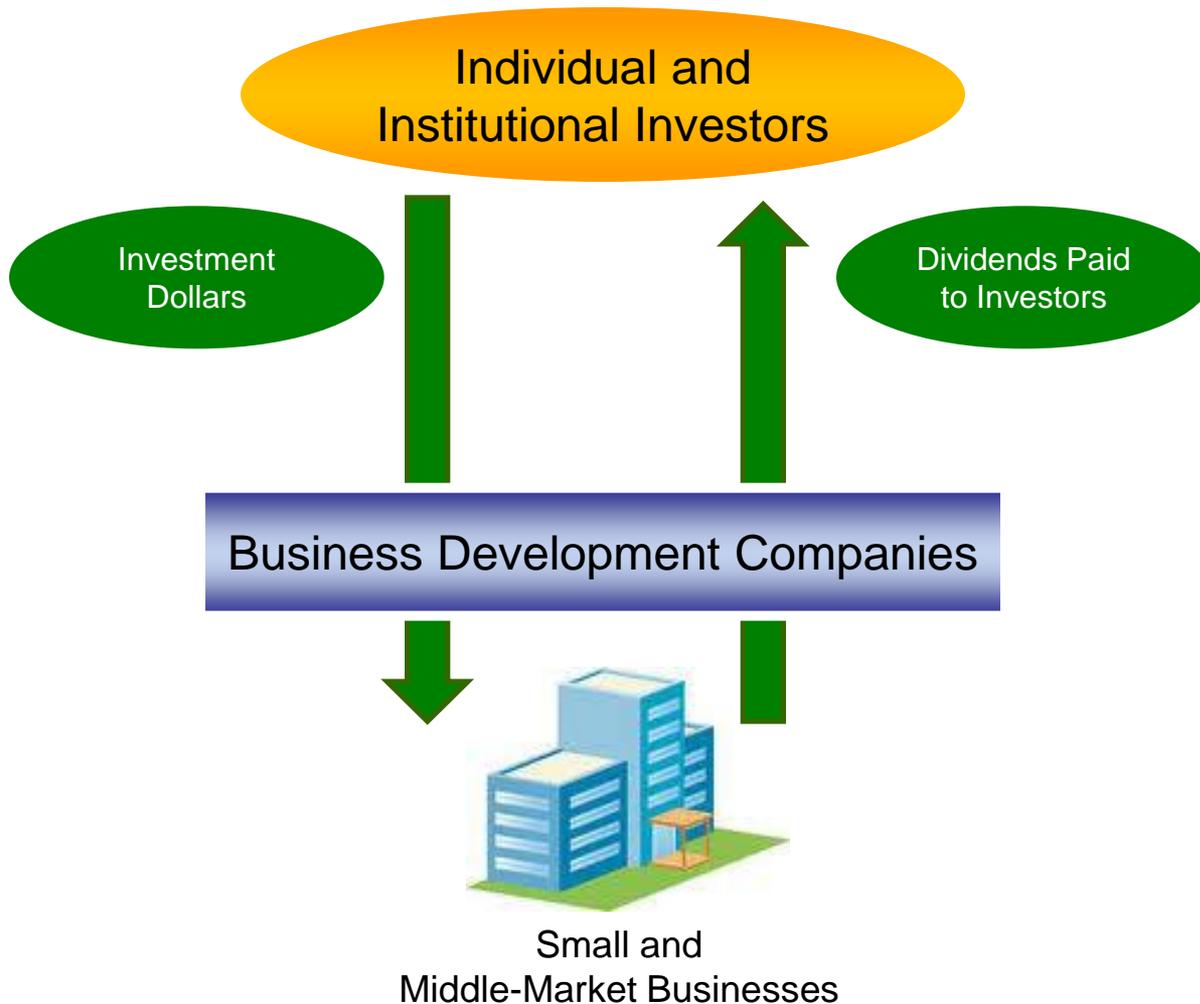
BDC Overview



- Business Development Companies were created by Congress in 1980 to provide a way for individual investors to participate in private equity and debt investments
- BDCs are regulated under the Investment Company Act of 1940 and the Securities and Exchange Commission
- BDCs typically make investments in small to medium sized privately held businesses; primarily in the form of debt, but often with equity components
- BDCs are tax advantaged and earnings are passed through to investors in the form of dividends and distributions (similar to a REIT)
- To maintain Regulated Investment Company (“RIC”) status, BDCs must distribute at least 90% of taxable income to investors

BDCs are publicly traded closed end funds that enable investors to participate in high yielding private market investing while maintaining daily liquidity

BDCs Give Investors Access to “Private Equity” Investments



Benefits of BDCs



- Provide investors access to high yielding, private market investments with the benefit of daily liquidity
- Flow through tax treatment on interest and dividends provides meaningful dividend income potential to investors
- Quarterly public reporting pursuant to SEC standards provides operational transparency
- Portfolio diversification requirements can reduce risk to investors (as compared to private equity investments with greater concentration of assets)
- SEC restrictions on leverage (or debt) levels prevent BDCs from becoming over-leveraged

Types of BDCs: BDC Legal Structures



- BDCs can be Internally Managed or Externally Managed
 - Internally Managed BDCs
 - All operating expenses, including compensation, are paid directly by the BDC, and compensation information is disclosed to shareholders via quarterly and annual SEC filings. Shareholders have the ability to vote on compensation issues.
 - As an internally managed BDC's assets grow, a greater percentage of each incremental dollar of revenue can fall to the bottom line as dividend income available to shareholders
 - Generally internally managed BDCs' total operating expense ratios ⁽¹⁾ (net of interest expense) average approximately 2.75% - 3.25% of total assets under management and approximately 17% - 27% of revenue
 - Externally Managed BDCs
 - Externally managed BDCs pay expenses and fees to a management company that is not required to provide shareholders with compensation information. The management fee is calculated based on a fixed percentage of assets under management (generally ranging from 1.75% to 2.0% of gross assets under management). Compensation information is not disclosed, and shareholders do not have the ability to vote on compensation issues.
 - Other annual operating expenses are generally calculated in addition to the base management fee
 - Incentive fees of 20% of net investment income and realized capital gains are paid to management after a "hurdle rate" is achieved
 - Generally externally managed BDCs' total operating expense ratios ⁽¹⁾ (net of interest expense) average approximately 4.00% - 4.50% of total assets under management and approximately 30% - 40% of revenue

(1) Operating expense ratio is defined as total operating expenses divided by total assets under management and total operating expenses divided by total revenue

Types of BDCs: BDCs with SBIC Licenses



- Some BDCs have Small Business Investment Company (“SBIC”) licenses granted through the U.S. Small Business Administration (“SBA”)
- BDCs with SBIC licenses have access to low interest rate debentures through the SBA
- SBA debentures are low interest, 10-year, fixed rate, and non-callable
- SBICs are eligible to receive up to three times their equity capital in the form of debentures
- Current SBA regulations allow licensees to have multiple SBIC licenses with a maximum of \$225 million in debentures
- The SBA program was created in 1958 and has been one of the most successful and enduring public/private government partnerships
- Legislation to expand the SBIC program is currently pending

Important Questions to Ask Any BDC



- Have the BDC's dividend payments been stable and predictable without any dividend cuts or missed dividends?
- Have the BDC's earnings (defined as net investment income) equaled or exceeded the amount of dividends paid on a cumulative, long term basis?
- How efficiently is the BDC operating in terms of expenses as a percentage of revenue and expenses as a percentage of assets under management?
- Have assets grown over time, and have the BDC's revenue and earnings (defined as net investment income) growth curves been comparable?
- What is the quality of the BDC's investment portfolio? What percentage of assets are in default (non-accrual) on both a cost basis and a fair value basis?
- Has the BDC historically been able to maintain investor capital (i.e. does the BDC have cumulative realized gains or cumulative realized losses since inception)?
- Is the BDC Internally Managed or Externally Managed, and how does its overall expense structure compare to its peer group?

Important Questions to Ask Any BDC



- How conservatively is the BDC capitalized? What percentage of the BDC's total capital structure is comprised of equity and long term debt vs. short term debt?
- Does the BDC have, and is it expected to generate, sufficient cash resources to pay dividends to shareholders?
- What is the average interest rate on a BDC's outstanding debt, and what is the average interest rate the BDC receives on the loans and investments it makes? Is there a reasonable spread between the two?
- Has the BDC demonstrated an ability to access the capital markets on a sustained basis through equity offerings, debt offerings, senior bank credit facilities and/or SBA debentures?
- What is the BDC's dividend yield and how does that yield compare to other comparable investment opportunities?
- What is the BDC's book value per share (or "NAV"), and has it been increasing or decreasing over time?



We hope this brief BDC overview will be helpful to investors beginning to explore the BDC space.

If you have specific questions about Triangle Capital Corporation, we encourage you to download our Investor Presentation at www.tcap.com and contact us as follows:

Sheri Blair Colquitt
V.P. – Investor Relations
919-719-4784
scolquitt@tcap.com

Steven C. Lilly
Chief Financial Officer
919-719-4789
slilly@tcap.com



TRIANGLE
CAPITAL
CORPORATION

A good partner understands your strengths.



A great partner becomes one of them.®