

TCP Capital Corp.  
Form 497  
December 19, 2014

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**Filed pursuant to Rule 497(e)**  
**File No. 333-194669**

## **PROSPECTUS SUPPLEMENT**

(To Prospectus dated July 2, 2014)

**Up to \$100,000,000**

### **Common Stock**

We are a holding company (the "Holding Company") with no direct operations of our own, and currently our only business and sole asset is our ownership of all of the common limited partner interests in Special Value Continuation Partners, LP (the "Operating Company"), which represents approximately 100% of the common equity and 84.9% of the combined common equity, preferred equity and general partner interests in the Operating Company as of September 30, 2014. We and the Operating Company are externally managed, closed-end, non-diversified management investment companies that have elected to be treated as business development companies under the Investment Company Act of 1940 (the "1940 Act"). Our and the Operating Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies as well as small businesses. Our primary investment focus is investing in and originating leveraged loans to performing middle-market companies as well as small businesses.

Tennenbaum Capital Partners, LLC (the "Advisor") serves as our and the Operating Company's investment advisor. The Advisor is a leading investment manager and specialty lender to middle-market companies that had approximately \$5.5 billion in capital commitments from investors ("committed capital") under management as of September 30, 2014, approximately 25% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of the Advisor, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

We have entered into an equity distribution agreement, dated as of October 3, 2014, with each of Raymond James & Associates, Inc. and Cantor Fitzgerald & Co. (each an "Agent" and together the "Agents") under which we may from time to time offer and sell shares of our common stock having an aggregate offering price of up to \$100,000,000 through the Agents, as our agents.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings, including sales made directly on the NASDAQ Global Select Market or sales made to or through a market maker other than on an exchange.

From time to time during the term of the equity distribution agreement, we may deliver a placement notice to one of the Agents specifying the length of the selling period, the amount of shares to be sold and the minimum price below which sales may not be made. Upon an Agent's acceptance of the terms of a placement notice from us, the Agent will

use its commercially reasonable efforts, consistent with its sales and trading practices, to solicit offers to purchase our common stock under the terms and subject to the conditions set forth in the equity distribution agreement. The Agents are not required to sell any specific number or dollar amount of common stock. Shares of our common stock to which this prospectus supplement relates will be sold only through one Agent on any given day. The offering of shares of common stock pursuant to the equity distribution agreement will terminate upon the earlier of (1) the sale of shares having an aggregate offering price of \$100,000,000 or (2) the termination of the equity distribution agreement so that neither Agent remains subject thereto. We may also sell our common stock to an Agent as principal for its own account at prices agreed upon at the time of sale. We will pay each Agent a commission for its services in acting as sales agent and/or principal in the sale of shares. Each Agent will be entitled to compensation that will not exceed, but may be up to, 2.0% of the gross sales price of all shares sold through it under the equity distribution agreement. Through December 18, 2014, we have sold 400,255 shares of our common stock pursuant to the equity distribution agreement, having an aggregate offering price of \$6,504,992. As a result, shares of common stock having an aggregate offering price of \$93,495,008, or 5,676,685 shares of common stock based on the last reported closing price for our common stock on December 18, 2014, remain available for sale pursuant to the equity distribution agreement. We are currently subject to contractual restrictions on our ability to sell common stock pursuant to which we may sell up to 2,000,000 shares of common stock pursuant to at-the-market offerings from December 11, 2014 through the expiration of the restricted period, which will end on January 5, 2015, unless extended. See "Plan of Distribution" on page S-37 of this prospectus supplement.

Our common stock is traded on the NASDAQ Global Select Market under the symbol "TCPC." The last reported closing price for our common stock on December 18, 2014 was \$16.47 per share. The offering price per share of our common stock sold in this offering less the Agents' commissions or discounts payable by us will not be less than the net asset value per share of our common stock at the time we sell common stock pursuant to this offering.

**You should read this prospectus supplement and the accompanying prospectus carefully before you invest in shares of our common stock.**

This prospectus supplement and the accompanying prospectus contain important information you should know before investing in our common stock. Please read it carefully before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission (the "SEC"). A Statement of Additional Information, dated December 19, 2014, containing additional information about the Holding Company and the Operating Company has been filed with the SEC and is incorporated by reference in its entirety into this prospectus supplement. The Advisor maintains a website at <http://www.tennenbaumcapital.com>, and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through this website. You may also obtain free copies of our annual and quarterly reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page S-40 of this prospectus supplement, and make stockholder inquiries by contacting us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us collect at (310) 566-1094. The SEC maintains a website at <http://www.sec.gov> where such information is available without charge upon request. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on our website to be part of this prospectus supplement or the accompanying prospectus.

The debt securities in which we typically invest are either rated below investment grade by independent rating agencies or would be rated below investment grade if such securities were rated by rating agencies. Below investment grade securities, which are often referred to as "hybrid securities," "junk bonds" or "leveraged loans" are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may be illiquid and difficult to value and typically do not require repayment of principal prior to maturity, which potentially heightens the risk that we may lose all or part of our investment. In addition, a substantial majority of the Operating Company's debt investments include interest reset provisions that may make it more difficult for the borrowers to make debt repayments to the Operating Company if the reset provision has the effect of

increasing the applicable interest rate.

**Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in the offerings. Investing in our common stock involves a high degree of risk, including credit risk and the risk of the use of leverage. Before buying any shares of our common stock, you should read the discussion of the material risks of investing in our common stock in "Risks" beginning on page S-11 of this prospectus supplement and on page 23 of the accompanying prospectus.**

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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**Raymond James**

Prospectus Supplement dated December 19, 2014

**Cantor Fitzgerald & Co.**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

In addition to factors previously identified elsewhere in this prospectus supplement and the accompanying prospectus, including the "Risks" section of the accompanying prospectus, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

the introduction, withdrawal, success and timing of business initiatives and strategies;

changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;

the valuation of our investments in portfolio companies, particularly those having no liquid trading market;

the relative and absolute investment performance and operations of the Advisor;

the impact of increased competition;

the impact of future acquisitions and divestitures;

the unfavorable resolution of legal proceedings;

our business prospects and the financial condition and prospects of our portfolio companies;

the adequacy of our cash resources and working capital;

the timing of cash flows, if any, from the operations of our portfolio companies;

the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us, the Advisor or our portfolio companies;

the ability of the Advisor to identify suitable investments for us and to monitor and administer our investments;

our contractual arrangements and relationships with third parties;

any future financings and investments by us;

the ability of the Advisor to attract and retain highly talented professionals;

fluctuations in interest rates or foreign currency exchange rates; and

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the impact of changes to tax legislation and, generally, our tax position.

This prospectus supplement and the accompanying prospectus contain, and other statements that we may make may contain, forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve" and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act of 1933 (the "Securities Act") or Section 21E of

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the Securities Exchange Act of 1934 (the "Securities Exchange Act"). Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance. Statistical and market data used in this prospectus supplement has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus supplement, for which the safe harbor provided in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act is not available.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, the Statement of Additional Information, dated December 19, 2014, or SAI, incorporated by reference in its entirety in the accompanying prospectus, and the documents incorporated by reference herein or therein. We have not, and the Agents have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the Agents are 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 in this prospectus supplement and the accompanying prospectus is accurate only as of the date on the front of this prospectus supplement and of the accompanying prospectus, respectively, and the information in the SAI and the documents incorporated by reference herein or in the accompanying prospectus or the SAI is accurate only as of their respective dates. Our business, financial condition and prospects may have changed since that date. To the extent required by applicable law, we will update this prospectus supplement, the accompanying prospectus and the SAI during the offering period to reflect material changes to the disclosure herein.

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## PROSPECTUS SUMMARY

*This summary highlights some of the information in this prospectus supplement. This summary is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read the entire prospectus supplement, the accompanying prospectus, including "Risks," and the Statement of Additional Information dated December 19, 2014 (the "SAI").*

*Throughout this prospectus supplement, unless the context otherwise requires, a reference to:*

*"Holding Company" refers to Special Value Continuation Fund, LLC, a Delaware limited liability company, for the periods prior to the consummation of the Conversion (as defined below) described elsewhere in this prospectus supplement and to TCP Capital Corp. for the periods after the consummation of the Conversion;*

*"Operating Company" refers to Special Value Continuation Partners, LP, a Delaware limited partnership;*

*"TCPC Funding" refers to TCPC Funding I LLC, a Delaware limited liability company;*

*"TCPC SBIC" refers to TCPC SBIC, LP, a Delaware limited partnership;*

*"Advisor" refers to Tennenbaum Capital Partners, LLC, a Delaware limited liability company and the investment manager; and*

*"General Partner" and "Administrator" refer to SVOF/MM, LLC, a Delaware limited liability company, the general partner of the Operating Company and an affiliate of the Advisor and administrator of the Holding Company and the Operating Company.*

*For simplicity, this prospectus supplement uses the term "Company," "we," "us" and "our" to include the Holding Company and, where appropriate in the context, the Operating Company, TCPC Funding and TCPC SBIC, on a consolidated basis. For example, (i) although all or substantially all of the net proceeds from this offering will be invested in the Operating Company and all or substantially all of the Holding Company's investments will be made through the Operating Company, this prospectus supplement generally refers to the Holding Company's investments through the Operating Company as investments by the "Company," and (ii) although the Operating Company and TCPC Funding and not the Holding Company has entered into the Leverage Program (defined below), this prospectus supplement generally refers to the Operating Company's use of the Leverage Program as borrowings by the "Company," in all instances in order to make the operations and investment strategy easier to understand. The Holding Company and the Operating Company have the same investment objective and policies and the assets, liabilities and results of operations of the Holding Company are consolidated with those of the Operating Company as described in the accompanying prospectus under "Prospectus Summary Operating and Regulatory Tax Structure."*

*On April 2, 2012, we completed a conversion under which TCP Capital Corp. succeeded to the business of Special Value Continuation Fund, LLC and its consolidated subsidiaries, and the members of Special Value Continuation Fund, LLC became stockholders of TCP Capital Corp. In this prospectus supplement, we refer to such transactions as the "Conversion." Unless otherwise indicated, the disclosure in this prospectus supplement gives effect to the Conversion.*



## The Company

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940 or the 1940 Act. See the accompanying prospectus "Prospectus Summary Company History and BDC Conversion." We completed our initial public offering on April 10, 2012.

Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between \$100 million and \$1.5 billion as well as small businesses which meet the "small" enterprise definition of the rules and regulations of the Small Business Administration (the "SBA"). While we primarily focus on privately negotiated investments in debt of middle-market companies, we make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities benefit from what we believe are the competitive advantages of the Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. Substantially all of our operating history and performance results have been achieved through our predecessor, Special Value Continuation Fund, LLC, which was a registered investment company but was neither a business development company nor a publicly traded company. There are no material operating differences between us and our predecessor, however, as a BDC we are deemphasizing distressed debt investments, which may adversely affect our investment returns. See the accompanying prospectus "Prospectus Summary Company History and BDC Conversion".

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by the Advisor. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies as well as small businesses. For the purposes of this prospectus supplement, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

Our investments generally range from \$10 million to \$40 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

As described in the accompanying prospectus under "Prospectus Summary Company History and BDC Conversion," we have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the

Operating Company. Our investment activities are externally managed by the Advisor. Additionally, the Holding Company expects that it will continue to seek to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code (the "Code").

As of September 30, 2014, we held investments in 82 portfolio companies. The aggregate fair value as of September 30, 2014 of investments in these portfolio companies was approximately \$1,074.8 million. Our portfolio across all our long-term debt investments had a weighted average annual effective yield of 10.7% as of September 30, 2014. In addition to the annual stated interest rate, this figure includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes market discount, any prepayment and make-whole fee income, and any debt investments on non-accrual status.

### **Recent Developments**

From October 1, 2014 through December 18, 2014, the Operating Company has invested approximately \$102.8 million in five new senior secured loans, three draws on existing loans, one loan to an existing portfolio company and one related equity investment with a combined effective yield on the debt investments of approximately 11.0%.

On October 3, 2014, the Company entered into the equity distribution agreement with the Agents under which the Company may from time to time offer and sell, at a premium to net asset value, shares of its common stock in negotiated transactions or "at the market" offerings having an aggregate offering price of up to \$100,000,000. Through December 17, 2014, the Company issued 400,255 shares pursuant the equity distribution agreement.

On November 5, 2014, the aggregate principal commitment on the TCPC Funding Facility increased to \$250 million and the facility's accordion feature expanded to \$300 million.

On November 6, 2014, the Company's board of directors declared a fourth quarter regular dividend of \$0.36 per share and a special dividend of \$0.05 per share. Both dividends are payable on December 31, 2014 to stockholders of record as of the close of business on December 8, 2014.

On November 21, 2014, the Company entered into an underwriting agreement with certain underwriters and sold 5,900,000 shares of common stock for \$97,577,150 in net proceeds. The Company granted the underwriters an option to purchase up to 885,000 additional shares of our common stock within 30 days of the date of such underwriting agreement. As of the date hereof, the underwriters have not exercised their option to purchase the additional shares. Pursuant to the underwriting agreement, we agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 45 days from the date of such underwriting agreement without first obtaining the written consent of each of the representatives. However, during this restricted period, we may sell up to 2,000,000 shares of common stock pursuant to at-the-market offerings on or after December 11, 2014. In the event that either (x) during the last 17 days of the restricted period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the restricted period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the restricted period, the restrictions shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

On November 25, 2014, the SEC issued an order permitting affiliated transactions between us and two registered closed-end funds, Tennenbaum Opportunities Fund V, LLC ("TOF") and Tennenbaum Opportunities Partners V, LP. ("TOP") (through which TOF makes its investments), all managed by the Advisor. TOP and TOF have limited terms and are scheduled to terminate their existence in October 2016, subject to up to two two-year extensions. The order will allow the closed-end funds, prior to their termination, to sell to us assets that are consistent with our investment objectives and strategies. Before selling to us in reliance on the order, TOP is required by the conditions of the order to establish a bona fide market price by selling a portion of each asset to an independent third-party buyer at arm's-length. TOP and we will be able to enter into the proposed transactions in reliance on the order only if the price of the related third party transaction falls within a certain range above or below TOP's valuation of the relevant asset. The transactions will need to be approved by the Required Majority (as defined in the 1940 Act) of TOP's and our board.

Net combined leverage was approximately 0.66 times net equity at September 30, 2014 and approximately 0.56 times net equity at December 18, 2014.

#### **Determinations of Net Asset Value In Connection with the Offering**

The offering price per share of our common stock sold in this offering, less the Agents' commissions or discounts payable by us, will not be less than the net asset value per share of our common stock as determined by a committee of our board of directors within 48 hours of the time of sale. Our board of directors approves the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly financial statements, based on input from our Advisor and the audit committee of our board of directors. In connection with this offering, a committee of our board of directors will determine that we are not selling shares of our common stock at a price per share, after deducting the Agents' commissions or discounts, below the then current net asset value of our common stock. Therefore at such times as we are selling shares in this offering, a committee of our board, based on the input of our Advisor and in accordance with valuation procedures adopted by the board of directors, will periodically determine our net asset value on an interim basis between quarterly net asset value determinations. Our valuation procedures provide that our Advisor will give the committee of the board an updated net asset value recommendation, determined based on the net asset value of our common stock most recently disclosed by us in the most recent periodic report that we filed with the SEC and adjusted based on all factors that our Advisor determines to be relevant, including the realization of net gains on the sale of our portfolio investments and our Advisor's assessment of material changes, if any, in the fair value of our portfolio investments since the prior quarterly net asset value determination. Such interim net asset value calculations will occur within 48 hours of a sale of any shares in this offering.

#### **Company Information**

Our administrative and executive offices are located at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, and our telephone number is (310) 566-1094. The Advisor maintains a website at <http://www.tennenbaumcapital.com>. Information contained on this website is not incorporated by reference into this prospectus supplement or the accompanying prospectus, and you should not consider information contained on the Advisor's website to be part of this prospectus supplement or the accompanying prospectus.

**Presentation of Historical Financial Information**

Unless otherwise indicated, historical references contained in this prospectus supplement and the accompanying prospectus, as applicable, in " Selected Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and "Portfolio Companies" relate to the Holding Company and the Operating Company on a consolidated basis.

**For further information please see the "Prospectus Summary" in the accompanying prospectus.**

**FEES AND EXPENSES**

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. The expenses shown in the table under "Annual Expenses" (excluding incentive compensation payable under the investment management agreement) are based on the assumed sale of shares of our common stock having an aggregate offering price of \$100,000,000, and a maximum sales load of 2.00%, pursuant to the equity distribution agreements. The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown. The following table and example represent our best estimate of the fees and expenses that we expect to incur during the next twelve months. Further, the fees and expenses below are presented on a consolidated basis directly or indirectly to include expenses of the Company and the Operating Company that investors in our common stock will bear.

**Stockholder Transaction Expenses:**

Sales Load (as a percentage of offering price)	2.00% (1)
Offering Expenses (as a percentage of offering price)	0.30% (2)
Dividend Reinvestment Plan Fees	(3)

<b>Total Stockholder Transaction Expenses (as a percentage of offering price)</b>	<b>2.30%</b>
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**Annual Expenses (as a Percentage of Consolidated Net Assets Attributable to Common Stock) (4):**

Base Management Fees	2.40% (5)
Incentive Compensation Payable Under the Investment Management Agreement (20% of ordinary income and capital gains)	2.02% (6)
Interest Payments on Borrowed Funds	2.27% (7)
Preferred Dividends	0.16% (8)
Other Expenses (estimated)	0.63% (9)

<b>Total Annual Expenses</b>	<b>7.48%</b>
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(1)

Represents the Agents' commissions with respect to the shares to be sold by us pursuant to this prospectus supplement and the accompanying prospectus. The Agents will be entitled to compensation of up to 2.00% of the gross proceeds of the sale of any shares of our common stock under the equity distribution agreement, with the exact amount of such compensation to be mutually agreed upon by the Company and the applicable Agent from time to time. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

(2)

Amount reflects estimated offering expenses of approximately \$300,000.

(3)

The expenses of the dividend reinvestment plan are included in "other expenses." See "Dividend Reinvestment Plan" in the SAI.

(4) The "consolidated net assets attributable to common stock" used to calculate the percentages in this table is our average consolidated net assets attributable to common stock of \$548.3 million for the 12 month period ending September 30, 2014.

(5) Base management fees are paid quarterly in arrears. The base management fee of 1.5% per year is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The percentage shown in the table, which assumes all capital and leverage is invested at the maximum level, is calculated by determining the ratio that the aggregate base management fee bears to our net assets attributable to common stock and not to our total assets. We make this conversion because all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders. If we borrow money or issue preferred stock and invest the proceeds other than in cash and cash equivalents, our base management fees will increase. The base management fee for any partial quarter is appropriately pro-rated. See the accompanying prospectus "Management of the Company Investment Management Agreements."

(6)

Under the investment management agreements and the amended and restated limited partnership agreement of the Operating Company dated April 2, 2012, (the "Amended and Restated Limited Partnership Agreement"), no incentive compensation was incurred until after January 1, 2013. The incentive compensation has two components, ordinary income and capital gains. Each component is payable quarterly in arrears (or upon termination of the Advisor as the investment manager or the General Partner as of the termination date) and is calculated based on the cumulative return for periods beginning January 1, 2013 and ending on the relevant calculation date.

Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, notwithstanding the following provisions, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if our cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. The incentive compensation we would pay is subject to a total return limitation. That is, no incentive compensation is paid if our cumulative annual total return is less than 8% of our average contributed common equity. If our cumulative annual total return is above 8%, the total cumulative incentive compensation we pay is not more than 20% of our cumulative total return, or, if lower, the amount of our cumulative total return that exceeds the 8% annual rate.

Subject to the above limitation, the ordinary income component is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative net unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For assets held on January 1, 2013, capital gain, loss and depreciation will be measured on an asset by asset basis against the value thereof as of December 31, 2012. The capital gains component is allocated, paid or distributed in full prior to payment or distribution of the ordinary income component.

(7)

"Interest Payments on Borrowed Funds" represents dividends, interest and fees estimated to be accrued on the Revolving Facilities (as defined below) and amortization of debt issuance costs, and assumes the Revolving Facilities are fully drawn (subject to asset coverage limitations under the 1940 Act) and that the interest rate on the debt issued under the Operating Company Facility (as defined below) is the rate in effect as of September 30, 2014, which was 2.65% and (ii) under the TCPC Funding Facility is the rate in effect as of September 30, 2014, which was 2.73%. "Interest Payments on Borrowed Funds" additionally represents interest and fees estimated to be accrued on \$108.0 million in aggregate principal amount of our 5.25% convertible senior unsecured notes due 2019 (the "2019 Notes") issued and outstanding as of the date of this prospectus supplement, which bear interest at a rate of 5.25% per year and are convertible into shares of our common stock under certain circumstances. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(8)

"Preferred Dividends" represents dividends estimated to be accumulated on the Preferred Interests and assumes that the dividend rate on the Preferred Interests is the rate in effect as of September 30, 2014 which was 1.00%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(9)

"Other Expenses" includes our estimated overhead expenses, including expenses of the Advisor reimbursable under the investment management agreements and of the Administrator reimbursable under the administration agreement. Such expense estimate, other than the Administrator expenses, is based on actual other expenses for the three months ended September 30, 2014.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses (including stockholder transaction expenses and annual expenses) that would be incurred over various periods with respect to a hypothetical investment in our common stock.

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In calculating the following expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above.

	<b>1 year</b>	<b>3 years</b>	<b>5 years</b>	<b>10 years</b>
You would pay the following expenses on a \$1000 investment assuming a 5% annual return	\$ 76	\$ 181	\$ 285	\$ 542

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. There is no incentive compensation either on income or on capital gains under our investment management agreements and the Amended and Restated Limited Partnership Agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our distributions to our common stockholders and our expenses would likely be higher. In addition, while the example assumes reinvestment of all dividends and distributions 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 or distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" in the SAI for additional information regarding our dividend reinvestment plan.

Except where the context suggests otherwise, whenever this prospectus supplement or the accompanying prospectus contains a reference to fees or expenses paid by "you," the "Company," the "Holding Company," the "Operating Company" or "us," our common stockholders will indirectly bear such fees or expenses, including through the Company's investment in the Operating Company.

**This example and the expenses in the table above should not be considered a representation of our future expenses. Actual expenses (including the cost of debt, if any, and other expenses) may be greater or less than those shown.**

**SELECTED FINANCIAL DATA**

The selected consolidated financial and other data below reflects the consolidated historical operations of the Holding Company and the Operating Company. This consolidated financial and other data is the Holding Company's historical financial and other data. The Operating Company will continue to be the Holding Company's sole investment following the completion of this offering.

The selected consolidated financial data below for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 has been derived from the consolidated financial statements that were audited by our independent registered public accounting firm. The selected consolidated financial data at and for the three and nine months ended September 30, 2014 and 2013 have been derived from unaudited financial data, but in the opinion of our management, reflects all adjustments (consisting only of normal recurring adjustments) that are necessary to present fairly the results for such interim periods. Interim results at and for the three and nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014. This selected financial data should be read in conjunction with our financial statements and related notes thereto, which are incorporated by reference into the SAI, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included elsewhere in this prospectus supplement.

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The historical financial information may not be representative of the Company's financial information in future periods.

For the Three Months Ended September 30,		For the Nine Months Ended September 30,		For the Year Ended December 31,			
2014	2013	2014	2013	2013	2012	2011	2010
26,642,901	\$ 16,489,727	\$ 70,303,667	\$ 46,716,446	\$ 66,979,064	\$ 49,243,332	\$ 42,113,358	\$ 32,410,811
		1,968,748			1,811,189	10,610,159	13,547,921
547,565	798,644	2,173,996	1,906,863	2,629,982	1,138,238	2,134,159	1,842,466
27,190,466	17,288,371	74,446,411	48,623,309	69,609,046	52,192,759	54,857,676	47,801,211
2,778,702	426,460	4,662,376	810,663	2,339,447	857,757	942,288	893,800
3,513,238	2,205,517	9,504,317	6,110,550	8,820,229	6,908,942	6,787,188	6,787,188
1,698,336	1,068,415	4,862,659	2,656,476	4,119,108	4,105,700	1,520,474	1,213,680
7,990,276	3,700,392	19,029,352	9,577,689	15,278,784	11,872,399	9,249,950	8,894,670
19,200,190	13,587,979	55,417,059	39,045,620				
19,200,190	13,587,979	55,417,059	39,045,620	54,330,262	40,320,360	45,607,726	38,906,530
(4,505,178)	2,937,047	(2,337,098)	5,950,799	9,071,361	(12,784,251)	(38,878,881)	31,621,010
(362,169)	(387,982)	(1,077,869)	(1,138,942)	(1,494,552)	(1,602,799)	(1,545,555)	(1,519,750)
(3,767,604)	(2,694,156)	(10,867,837)	(7,893,933)	(12,381,416)			

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901,035 (533,253) 467,419 (877,563)

11,466,274 \$ 12,909,635 \$ 41,601,674 \$ 35,085,981 \$ 49,525,655 \$ 25,933,310 \$ 5,183,290 \$ 69,007,79

0.29 0.48 \$ 1.11 \$ 1.47 \$ 1.91 \$ 1.21 \$ 12.37 \$ 164.7

(0.36) (0.36) (1.13) (1.12) (1.53) (1.43) (75.19) (89.9

40,079,914 26,654,702 37,507,497 23,942,996 25,926,493 21,475,847 418,956 418,95

1,074,797,327 \$ 704,095,487 \$ 1,074,797,327 \$ 704,095,487 \$ 766,262,959 \$ 517,683,087 \$ 378,960,536 \$ 453,034,87

44,808,737 25,161,493 44,808,737 25,161,493 37,066,243 31,559,015 24,492,967 20,604,28

1,119,606,064 729,256,980 1,119,606,064 729,256,980 803,329,202 549,242,102 403,453,503 473,639,15

319,099,077 150,000,000 319,099,077 150,000,000 95,000,000 74,000,000 29,000,000 50,000,00

10,773,837 42,341,463 10,773,837 42,341,463 23,045,112 24,728,267 2,116,211 25,050,17

329,872,914 192,341,463 329,872,914 192,341,463 118,045,112 98,728,267 31,116,211 75,050,17

23,52

134,498,858 134,534,213 134,498,858 134,534,213 134,504,252 134,526,285 134,466,418 134,377,86

701,164 877,563 701,164 877,563 1,168,583

654,533,128 \$ 401,503,741 \$ 654,533,128 \$ 401,503,741 \$ 549,611,255 \$ 315,987,550 \$ 237,870,874 \$ 264,187,58

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207,058,940	\$ 183,674,477	\$ 486,041,022	\$ 354,537,980	\$ 471,087,319	\$ 359,020,926	\$ 237,870,874	\$ 262,837,72
22,573,585	\$ 55,466,349	\$ 177,994,806	\$ 176,516,171	\$ 235,641,665	\$ 211,216,033	\$ 216,916,444	\$ 192,419,66
10.7%	10.8%	10.7%	10.8%	10.9%	11.3%	14.2%	13.

\*

Per share amounts prior to 2012 were calculated based on 418,986 pre-Conversion shares outstanding. Per share amounts for 2012 are calculated on 21,475,847 weighted-average post-Conversion shares outstanding.

(1)

Weighted-average effective yield includes amortization of deferred debt origination fees and accretion of original issue discount, but excludes market discount, any repaying and make-whole fee income, and any debt investments on non-accrual status.

## RISKS

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below and in the accompanying prospectus on page 23, 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 common stock. The risks set forth below and in the accompanying prospectus are not the only risks we face. If any of the adverse events or conditions described below or in the accompanying prospectus occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value, or 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.*

**Our board of directors most recently approved NAV on September 30, 2014 and our quarterly NAV when calculated effective December 31, 2014 may be higher or lower.**

Our quarterly NAV per share most recently approved by our board of directors is \$15.43 as of September 30, 2014. NAV per share as of December 31, 2014, may be higher or lower than our NAV per share as of September 30, 2014 based on potential changes in valuations, issuances of securities, dividends paid and earnings for the quarter then ended. Our board of directors approves the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly financial statements and based on input from our Advisor and the audit committee of our board of directors. At such times as we are selling shares in this offering, a committee of our board, based on the input of our Advisor and in accordance with valuation procedures adopted by the board of directors, will periodically determine our net asset value on an interim basis between quarterly net asset value determinations.

**If we incur additional leverage, it will increase the risk of investing in shares of our common stock.**

The Company has indebtedness and the Preferred Interests outstanding pursuant to the Leverage Program and expects, in the future, to borrow additional amounts under the Revolving Facilities and may increase the size of the Revolving Facilities or enter into other borrowing arrangements. The Company's portfolio must experience an annual return of 1.68% in order to cover annual interest and dividend payments under the Leverage Program as of September 30, 2014.

*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 and preferred dividends. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of leverage at September 30, 2014, which represented borrowings and preferred stock equal to 65.8% of our total assets. On such date, we also had \$1,119.6 million in total assets; an average cost of funds of 2.83%; \$453.1 million aggregate principal amount of debt and liquidation preference of the Preferred Interests outstanding; and \$654.5 million of total net assets. In order to compute the "Corresponding Return to Common Stockholders," the "Assumed Return on Portfolio (Net of Expenses Other than Interest)" is multiplied by the total value of our investment portfolio at September 30, 2014 to obtain an assumed return to us. From this amount, the interest expense and preferred dividends calculated by multiplying the blended interest and dividend rate of 2.83% by the \$453.1 million of debt and preferred stock is subtracted to determine the return available to common stockholders. The return available to common stockholders is then divided by the total value of our net assets at September 30,

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2014 to determine the "Corresponding Return to Common Stockholders." Actual interest payments and preferred dividends may be different.

**Assumed Return on Portfolio (Net of Expenses Other than Interest and Preferred Dividends)**

	<b>-10%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>
Corresponding Return to Common Stockholders	-18%	-10%	-2%	6%	14%

The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

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

*The information contained in this section should be read in conjunction with the selected financial data appearing elsewhere in this prospectus supplement and the accompanying prospectus and our consolidated financial statements and related notes thereto appearing elsewhere in this prospectus supplement and the accompanying prospectus.*

**Overview**

The Holding Company is a Delaware corporation formed on April 2, 2012 and is an externally managed, closed-end, non-diversified management investment company. The Holding Company elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment objective is to seek to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We invest primarily in the debt of middle-market companies as well as small businesses, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, we may make equity investments directly. Investment operations are conducted either in Special Value Continuation Partners, LP, a Delaware Limited Partnership (the "Operating Company"), of which the Holding Company owns 100% of the common limited partner interests, or in one of the Operating Company's wholly-owned subsidiaries, TCPC Funding I, LLC ("TCPC Funding") and TCPC SBIC, LP (the "SBIC"). The Operating Company has also elected to be treated as a BDC under the 1940 Act. The General Partner of the Operating Company is SVOF/MM, LLC ("SVOF/MM"), which also serves as the administrator ("Administrator") of the Holding Company and the Operating Company. The managing member of SVOF/MM is Tennenbaum Capital Partners, LLC (the "Advisor"), which serves as the investment manager to the Holding Company, the Operating Company, TCPC Funding, and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

The SBIC was organized as a Delaware limited partnership in June 2013. On April 22, 2014, the SBIC received a license from the United States Small Business Administration (the "SBA") to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958.

The Holding Company has elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes. As a RIC, the Holding Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Operating Company, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes.

As of September 30, 2014, our leverage program was comprised of \$116 million in available debt under a senior secured revolving credit facility issued by the Operating Company (the "Operating Company Facility"), \$200 million in available debt under a senior secured revolving credit facility issued by TCPC Funding (the "TCPC Funding Facility," and, together with the Operating Company Facility, the "Revolving Facilities"), \$108 million in convertible senior unsecured notes issued by the Holding Company (the "Convertible Notes"), \$75 million in committed leverage from the SBA (the "SBA Program"), and \$134 million of outstanding preferred limited partner interests in the Operating Company (the "Preferred Interests," and, together with the Revolving Facilities, the Convertible Notes, and the SBA Program, the "Leverage Program").



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To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Internal Revenue Code of 1986, as amended, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

### *Investments*

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies, public U.S. operating companies whose securities are not listed on a national securities exchange or registered under the Securities Exchange Act of 1934, as amended, public domestic operating companies having a market capitalization of less than \$250 million, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We are also permitted to make certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. As of September 30, 2014, 88.3% of our total assets were invested in qualifying assets.

### *Revenues*

We generate revenues primarily in the form of interest on the debt we hold. We also generate revenue from dividends on our equity interests and capital gains on the sale of warrants and other debt or equity interests that we acquire. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Interest on our debt investments is generally payable quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or PIK. Any outstanding principal amount of our debt investments and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, structuring or due diligence fees, fees for providing significant managerial assistance, consulting fees and other investment related income.

### *Expenses*

Our primary operating expenses include the payment of a base management fee and, depending on our operating results, incentive compensation, expenses reimbursable under the management agreement, administration fees and the allocable portion of overhead under the administration agreement. The base management fee and incentive compensation remunerates the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our administration agreement with SVOF/MM, LLC (the "Administrator") provides that the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to us under the administration agreement, as well as any costs and expenses incurred by the Administrator or its affiliates relating to any non-investment advisory, administrative or

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operating services provided by the Administrator or its affiliates to us. We also bear all other costs and expenses of our operations and transactions (and the Holding Company's common stockholders indirectly bear all of the costs and expenses of the Holding Company, the Operating Company, TCPC Funding and the SBIC), which may include those relating to:

our organization;

calculating our net asset value (including the cost and expenses of any independent valuation firms);

interest payable on debt, if any, incurred to finance our investments;

costs of future offerings of our common stock and other securities, if any;

the base management fee and any incentive compensation;

dividends and distributions on our preferred shares, if any, and common shares;

administration fees payable under the administration agreement;

fees payable to third parties relating to, or associated with, making investments;

transfer agent and custodial fees;

registration fees;

listing fees;

taxes;

director fees and expenses;

costs of preparing and filing reports or other documents with the SEC;

costs of any reports, proxy statements or other notices to our stockholders, including printing costs;

our fidelity bond;

directors and officers/errors and omissions liability insurance, and any other insurance premiums;

indemnification payments;

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direct costs and expenses of administration, including audit and legal costs; and

all other expenses reasonably incurred by us and the Administrator in connection with administering our business, such as the allocable portion of overhead under the administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

The investment management agreement provides that the base management fee be calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or other liabilities. The base management fee is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter.

Additionally, the investment management agreement and the Amended and Restated Limited Partnership Agreement provide that the Advisor or its affiliates may be entitled to incentive compensation under certain circumstances. The incentive compensation equals the sum of (1) 20% of all ordinary income since January 1, 2013 and (2) 20% of all net realized

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capital gains (net of any net unrealized capital depreciation) since January 1, 2013, with each component being subject to a total return requirement of 8% of contributed common equity annually. The incentive compensation is payable to the General Partner by the Operating Company pursuant to the Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, it would be paid pursuant to the investment management agreement between us and the Advisor. The determination of incentive compensation is subject to limitations under the 1940 Act and the Advisers Act.

### **Critical accounting policies**

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Changes in the economic environment, financial markets and any other parameters used in determining such estimates could cause actual results to differ. Management considers the following critical accounting policies important to understanding the financial statements. In addition to the discussion below, our critical accounting policies are further described in the notes to our financial statements.

#### *Valuation of portfolio investments*

We value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (i) are independent of us, (ii) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (iii) are able to transact for the asset, and (iv) are willing to transact for the asset or liability (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. We generally obtain market quotations from recognized exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. However, short term debt investments with remaining maturities within 90 days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available, which is the case for many of our investments, or for which market quotations are deemed not to represent fair value, are valued at fair value using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of our investments than on the fair values of our investments for which market quotations are not readily available. Market quotations may be deemed not

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to represent fair value in certain circumstances where we believe that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a "forced" sale by a distressed seller, where market quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

The valuation process adopted by our board of directors with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

The investment professionals of the Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms approved by our board of directors.

Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor.

The fair value of smaller investments comprising in the aggregate less than 5% of our total capitalization may be determined by the Advisor in good faith in accordance with our valuation policy without the employment of an independent valuation firm.

The audit committee of the board of directors discusses the valuations, and the board of directors approves the fair value of the investments in our portfolio in good faith based on the input of the Advisor, the respective independent valuation firms (to the extent applicable) and the audit committee of the board of directors.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, our principal market (as the reporting entity) and enterprise values.

When valuing all of our investments, we strive to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our

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assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Our investments may be categorized based on the types of inputs used in their valuation. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Investments are classified by GAAP into the three broad levels as follows:

Level 1 Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

As of September 30, 2014, 0.1% of our investments were categorized as Level 1, 22.8% were categorized as Level 2, 76.6% were Level 3 investments valued based on valuations by independent third party sources, and 0.5% were Level 3 investments valued based on valuations by the Advisor.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on the financial statements.

### ***Revenue recognition***

Interest and dividend income, including income paid in kind, is recorded on an accrual basis to the extent that such amounts are determined to be collectible. Origination, structuring, closing, commitment and other upfront fees earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income received upon the early repayment of a loan or debt security are included in interest income.

Certain of our debt investments are purchased at a considerable discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. GAAP generally requires that discounts on the acquisition of corporate bonds, municipal bonds and treasury bonds be amortized using the effective-interest or constant-yield method. GAAP also requires that we consider the collectability of interest when making accruals. Accordingly, when accounting for purchase discounts, we recognize discount accretion income when it is probable that such amounts will be collected.

### ***Net realized gains or losses and net change in unrealized appreciation or depreciation***

We measure realized gains or losses by the difference between the net proceeds from the repayment or sale and the amortized cost basis of the investment, without regard to unrealized appreciation or depreciation previously recognized. Realized gains and losses are computed using the specific identification method. Net change in unrealized appreciation or depreciation reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

**Portfolio and investment activity**

During the three months ended September 30, 2014, we invested approximately \$207.0 million, comprised of new investments in 10 new and 4 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 98.5% were in senior secured debt comprised of senior loans (\$203.9 million, or 98.5% of the total). The remaining \$3.1 million (1.5% of the total) were comprised of two equity investments and PIK payments received on investments in unsecured debt. Additionally, we received approximately \$22.6 million in proceeds from sales or repayments of investments during the three months ended September 30, 2014.

During the nine months ended September 30, 2014, we invested approximately \$486.0 million, comprised of new investments in 27 new and 12 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 99.3% were in senior secured debt comprised of senior loans (\$446.7 million, or 91.9% of the total) and senior secured notes (\$36.0 million, or 7.4% of the total). The remaining \$3.4 million (0.7% of the total) were comprised of four equity investments and PIK payments received on investments in unsecured debt. Additionally, we received approximately \$178.0 million in proceeds from sales or repayments of investments during the nine months ended September 30, 2014.

At September 30, 2014, our investment portfolio of \$1,074.8 million (at fair value) consisted of 82 portfolio companies and was invested 97% in debt investments, of which 100.0% was in senior secured debt. In aggregate, our investment portfolio was invested 83% in senior secured loans, 14% in senior secured notes, and 3% in equity investments. Our average portfolio company investment at fair value was approximately \$13.1 million. Our largest portfolio company investment by value was approximately \$31.0 million and our five largest portfolio company investments by value comprised approximately 13% of our portfolio at September 30, 2014. At December 31, 2013, our investment portfolio of \$766.3 million (at fair value) consisted of 67 portfolio companies and was invested 95% in debt investments, of which 98% was in senior secured debt and 2% in unsecured or subordinated debt. In aggregate, our investment portfolio was invested 76% in senior secured loans, 17% in senior secured notes, 2% in unsecured or subordinated debt, and 5% in equity investments. Our average portfolio company investment at fair value was approximately \$11.4 million. Our largest portfolio company investment by value was approximately \$21.3 million and our five largest portfolio company investments by value comprised approximately 13% of our portfolio at December 31, 2013.

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The industry composition of our portfolio at fair value at September 30, 2014 was as follows:

<b>Industry</b>	<b>Percent of Total Investments</b>
Software Publishers	11.7%
Computer Systems Design and Related Services	8.7%
Insurance Carriers	3.9%
Oil and Gas Extraction	3.6%
Scheduled Air Transportation	3.3%
Grocery Stores	3.1%
Wired Telecommunications Carriers	3.0%
Newspaper, Periodical, Book, and Directory Publishers	2.7%
Data Processing, Hosting, and Related Services	2.7%
Wireless Telecommunications	2.4%
Nondepository Credit Intermediation	2.4%
Radio and Television Broadcasting	2.4%
Utility System Construction	2.3%
Basic Chemical Manufacturing	2.3%
Nonscheduled Air Transportation	2.1%
Semiconductor and Other Electronic Component Manufacturing	2.0%
General Medical and Surgical Hospitals	2.0%
Chemical Manufacturing	1.9%
Other Information Services	1.8%
Communications Equipment Manufacturing	1.8%
Scientific Research and Development Services	1.7%
Gaming Industries	1.7%
Retail	1.7%
Business Support Services	1.6%
Activities Related to Real Estate	1.5%
Electrical Equipment and Component Manufacturing	1.5%
Advertising, Public Relations, and Related Services	1.5%
Textile Furnishings Mills	1.5%
Lessors of Nonfinancial Intangible Assets	1.5%
Structured Note Funds	1.5%
Motion Picture and Video Industries	1.4%
Full-Service Restaurants	1.4%
Cut and Sew Apparel Manufacturing	1.4%
Other Telecommunications	1.3%
Lessors of Real Estate	1.3%
Plastics Products Manufacturing	1.3%
Electric Power Generation, Transmission and Distribution	1.2%
Artificial Synthetic Fibers and Filaments Manufacturing	1.1%
Financial Investment Activities	1.0%
Other	7.3%
<b>Total</b>	<b>100.0%</b>

The weighted average effective yield of the debt securities in our portfolio was 10.7% at September 30, 2014 and 10.9% at December 31, 2013. At September 30, 2014, 79.7% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 20.3% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 86.2% at



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September 30, 2014. At December 31, 2013, 71.2% of our debt investments bore interest based on floating rates, and 28.8% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 92.1% at December 31, 2013.

### Results of operations

#### *Investment income*

Investment income totaled \$27.2 million and \$17.3 million, respectively, for the three months ended September 30, 2014 and 2013, of which \$26.6 million and \$16.5 million were attributable to interest and fees on our debt investments and \$0.6 million and \$0.8 million to other income, respectively. The increase in investment income in the three months ended September 30, 2014 compared to the three months ended September 30, 2013 reflects an increase in interest income due to the larger investment portfolio and a higher percentage of the portfolio in income-producing assets in the three months ended September 30, 2014 compared to the three months ended September 30, 2013.

Investment income totaled \$74.5 million and \$48.6 million, respectively, for the nine months ended September 30, 2014 and 2013, of which \$70.3 million and \$46.7 million were attributable to interest and fees on our debt investments, \$2.0 million and \$0.0 million to dividends from equity securities, and \$2.2 million and \$1.9 million to other income, respectively. The increase in investment income in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 reflects an increase in interest income due to the larger investment portfolio and a higher percentage of the portfolio in income-producing assets in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 and an increase in dividend income and other income.

#### *Expenses*

Total operating expenses for the three months ended September 30, 2014 and 2013 were \$8.0 million and \$3.7 million, respectively, comprised of \$3.5 million and \$2.2 million in base management fees, \$0.3 million and \$0.2 million in legal and professional fees, \$2.8 million and \$0.4 million in interest expense and fees related to the Convertible Notes and the Revolving Facilities, \$0.5 million and \$0.2 million in amortization of debt issuance costs, and \$0.9 million and \$0.7 million in other expenses, respectively. The increase in expenses in the three months ended September 30, 2014 compared to the three months ended September 30, 2013 primarily reflects the increase in management fees due to the larger portfolio and the increase in interest expense and other costs related to the increase in available and outstanding debt and the higher average interest rate following the issuance of the Convertible Notes.

Total operating expenses for the nine months ended September 30, 2014 and 2013 were \$19.0 million and \$9.6 million, respectively, comprised of \$9.5 million and \$6.1 million in base management fees, \$0.8 million and \$0.5 million in legal and professional fees, \$4.7 million and \$0.8 million in interest expense and fees related to the Convertible Notes and the Revolving Facilities, \$1.3 million and \$0.5 million in amortization of debt issuance costs, and \$2.7 million and \$1.7 million in other expenses, respectively. The increase in expenses in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily reflects the increase in management fees due to the larger portfolio and the increase in interest expense and other costs related to the increase in available and outstanding debt and the higher average interest rate following the issuance of the Convertible Notes.

*Net investment income*

Net investment income was \$19.2 million and \$13.6 million, respectively, for the three months ended September 30, 2014 and 2013. The increase in net investment income in the three months ended September 30, 2014 compared to the three months ended September 30, 2013 primarily reflects the increased interest income in the three months ended September 30, 2014, partially offset by the increase in expenses.

Net investment income was \$55.4 million and \$39.0 million, respectively, for the nine months ended September 30, 2014 and 2013. The increase in net investment income in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 primarily reflects the increased interest and dividend income in the nine months ended September 30, 2014, partially offset by the increase in expenses.

*Net realized and unrealized gain or loss*

Net realized gains for the three months ended September 30, 2014 and 2013 were \$0.9 million and \$0.8 million, respectively. For the three months ended September 30, 2014 and 2013, the change in net unrealized depreciation was \$(5.4) million and \$2.1 million, respectively. The change in net unrealized depreciation for the three months ended September 30, 2014 was primarily a result of increases in market yield spreads and a mark down on an investment made prior to our initial public offering. The change in net unrealized depreciation for the three months ended September 30, 2013 was primarily due to the reversal of unrealized depreciation on a taxable recapitalization of a portfolio investment.

Net realized gains (losses) for the nine months ended September 30, 2014 and 2013 were \$(4.9) million and \$(2.8) million, respectively. The net realized loss during the nine months ended September 30, 2014 was due primarily to the disposition of our investment in ESP Holdings, Inc., an investment made prior to our initial public offering as part of our legacy distressed strategy and which has generated substantial cash interest income. For the nine months ended September 30, 2014 and 2013, the change in net unrealized appreciation was \$2.6 million and \$8.7 million, respectively. The change in net unrealized depreciation for the nine months ended September 30, 2014 and September 30, 2013 were primarily due to reversals of prior period unrealized depreciation partially offset by mark to market adjustments during the period.

*Income tax expense, including excise tax*

The Holding Company has elected to be treated as a RIC under Subchapter M of the Code and operates in a manner so as to qualify for the tax treatment applicable to RICs. To qualify as a RIC, the Holding Company must, among other things, timely distribute to its stockholders generally at least 90% of its investment company taxable income, as defined by the Code, for each year. The Holding Company has made and intends to continue to make the requisite distributions to its stockholders which will generally relieve the Holding Company from U.S. federal income taxes.

Depending on the level of taxable income earned in a tax year, we may choose to carry forward taxable income in excess of current year dividend distributions from such current year taxable income into the next tax year and pay a 4% excise tax on such income. Any excise tax expense is recorded at year-end as such amounts are known. There was no U.S. federal excise tax recorded during the nine months ended September 30, 2014 and 2013.

*Dividends to preferred equity holders*

Dividends on the Preferred Interests for the three months ended September 30, 2014 and 2013 were \$0.4 million and \$0.4 million, respectively, as average LIBOR rates for the two periods were similar. Dividends on the Preferred Interests for the nine months ended September 30, 2014 and 2013 were \$1.1 million and \$1.1 million, respectively, as average LIBOR rates for the two periods were similar.

*Incentive compensation*

Incentive compensation distributable to the General Partner for the three months ended September 30, 2014 and 2013 was \$2.9 million and \$3.2 million, respectively. Incentive compensation distributable to the General Partner for the nine months ended September 30, 2014 and 2013 was \$10.4 million and \$8.8 million, respectively. Incentive compensation for the three and nine months ended September 30, 2014 and 2013 was distributable due to our performance exceeding the total return threshold. The reserve for incentive compensation to the General Partner decreased during the three months ended September 30, 2014 by \$0.9 million and increased during the three months ended September 30, 2013 by \$0.5 million. The reserve for incentive compensation to the General Partner decreased during the nine months ended September 30, 2014 and 2013 by \$0.5 million and increased during the nine months ended September 30, 2013 by \$0.9 million. The change in reserve for incentive compensation for the three and nine months ended September 30, 2014 reflects the change in the amount in excess of distributable incentive compensation which would have been earned by the General Partner had we liquidated at net asset value at September 30, 2014 and September 30, 2013, respectively.

*Net increase or decrease in net assets resulting from operations*

The net increase in net assets resulting from operations was \$11.5 million and \$12.9 million for the three months ended September 30, 2014 and 2013, respectively. The lower net increase in net assets resulting from operations during the three months ended September 30, 2014 is primarily due to the net realized and unrealized loss during the three months ended September 30, 2014 compared to the net realized and unrealized gain during the three months ended September 30, 2013. The net increase in net assets resulting from operations was \$41.6 million and \$35.1 million for the nine months ended September 30, 2014 and 2013, respectively. The higher net increase in net assets resulting from operations during the nine months ended September 30, 2014 is primarily due to the increase in net investment income.

**Liquidity and capital resources**

Since our inception, our liquidity and capital resources have been generated primarily through the initial private placement of common shares of Special Value Continuation Fund, LLC (the predecessor entity) which were subsequently converted to common stock of the Holding Company, the net proceeds from the initial and secondary public offerings of our common stock, borrowings under our Leverage Program, and cash flows from operations, including investments sales and repayments and income earned from investments and cash equivalents. The primary uses of cash have been investments in portfolio companies, cash distributions to our equity holders, payments to service our Leverage Program and other general corporate purposes.

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Amounts outstanding and available under the combined Leverage Program at September 30, 2014 were as follows:

	<b>Rate</b>	<b>Carrying Value**</b>	<b>Available</b>	<b>Total Capacity</b>
Operating Company Facility	L+250*	\$ 45,000,000	\$ 71,000,000	\$ 116,000,000
TCPC Funding Facility	L+250*	150,000,000	50,000,000	200,000,000
Convertible Notes (\$108 million par)	5.25%	105,599,077		105,599,077
SBA Program	3.015%	18,500,000	56,500,000	75,000,000
Preferred Interests	L+85*	134,000,000		134,000,000
Total Leverage Program		\$ 453,099,077	\$ 177,500,000	\$ 630,599,077

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\*  
Based on either LIBOR or the lender's cost of funds, subject to certain limitations.

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Except for the Convertible Notes, all carrying values are the same as the principal amounts outstanding.

Net cash used in operating activities during the nine months ended September 30, 2014 was \$279.2 million. Our primary use of cash in operating activities during this period consisted of the settlement of acquisitions of investments (net of dispositions) of \$303.7 million, partially offset by net investment income less preferred dividends and incentive allocation (net of non-cash income and expenses) of approximately \$24.5 million.

Net cash provided by financing activities was \$280.4 million during the nine months ended September 30, 2014, consisting primarily of \$226.5 million of net borrowings and \$103.9 million of net proceeds from the public offering of our common stock on August 1, 2014, reduced by \$43.1 million in dividends on common equity, \$1.1 million in dividends on the Preferred Interests, and payment of \$5.8 million in debt issuance costs.

At September 30, 2014, we had \$24.1 million in cash and cash equivalents.

The Revolving Facilities are secured by substantially all of the assets in our portfolio, including cash and cash equivalents, and are subject to compliance with customary affirmative and negative covenants, including the maintenance of a minimum shareholders' equity, the maintenance of a ratio of not less than 200% of total assets (less total liabilities other than indebtedness) to the sum of total preferred equity and indebtedness, and restrictions on certain payments and issuance of debt. Unfavorable economic conditions may result in a decrease in the value of our investments, which would affect both the asset coverage ratios and the value of the collateral securing the Revolving Facilities, and may therefore impact our ability to borrow under the Revolving Facilities. In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment of debt or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations. At September 30, 2014, we were in compliance with all financial and operational covenants required by the Leverage Program.

Unfavorable economic conditions, while potentially creating attractive opportunities for us, may decrease liquidity and raise the cost of capital generally, which could limit our ability to renew, extend or replace the Leverage Program on terms as favorable as are currently included therein. If we are unable to renew, extend or replace the Leverage Program upon the various dates of maturity, we expect to have sufficient funds to repay the outstanding balances in full from our net investment income and sales of, and repayments of principal from, our portfolio company investments, as well as from anticipated debt and equity capital raises, among other sources. Unfavorable economic conditions may limit our ability to raise capital or the ability of the companies in which we invest to repay our loans or engage in a

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liquidity event, such as a sale, recapitalization or initial public offering. The Operating Company Facility, the TCPC Funding Facility and the Convertible Notes mature in July 2016, May 2017, and December 2019, respectively, and the Preferred Interests will be subject to mandatory redemption in July 2016. Any inability to renew, extend or replace the Leverage Program could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.

Challenges in the market are intensified for us by certain regulatory limitations under the Code and the 1940 Act. To maintain our qualification as a RIC, we must satisfy, among other requirements, an annual distribution requirement to pay out at least 90% of our ordinary income and short-term capital gains to our stockholders. Because we are required to distribute our income in this manner, and because the illiquidity of many of our investments may make it difficult for us to finance new investments through the sale of current investments, our ability to make new investments is highly dependent upon external financing. While we anticipate being able to continue to satisfy all covenants and repay the outstanding balances under the Leverage Program when due, there can be no assurance that we will be able to do so, which could lead to an event of default.

### **Contractual obligations**

In addition to obligations under our Leverage Program, we have entered into several contracts under which we have future commitments. Pursuant to an investment management agreement, the Advisor manages our day-to-day operations and provides investment advisory services to us. Payments under the investment management agreement will be equal to a percentage of the value of our gross assets (excluding cash and cash equivalents) and an incentive compensation, plus reimbursement of certain expenses incurred by the Advisor. Under our administration agreement, the Administrator provides us with administrative services, facilities and personnel. Payments under the administration agreement are equal to an allocable portion of overhead and other expenses incurred by the Administrator in performing its obligations to us, and may include rent and our allocable portion of the cost of certain of our officers and their respective staffs. We are responsible for reimbursing the Advisor for due diligence and negotiation expenses, fees and expenses of custodians, administrators, transfer and distribution agents, counsel and directors, insurance, filings and registrations, proxy expenses, expenses of communications to investors, compliance expenses, interest, taxes, portfolio transaction expenses, costs of responding to regulatory inquiries and reporting to regulatory authorities, costs and expenses of preparing and maintaining our books and records, indemnification, litigation and other extraordinary expenses and such other expenses as are approved by the directors as being reasonably related to our organization, offering, capitalization, operation or administration and any portfolio investments, as applicable. The Advisor is not responsible for any of the foregoing expenses and such services are not investment advisory services under the 1940 Act. Either party may terminate each of the investment management agreement and administration agreement without penalty upon not less than 60 days' written notice to the other.

### **Distributions**

Our quarterly dividends and distributions to common stockholders are recorded on the ex-dividend date. Distributions are declared considering our estimate of annual taxable income available for distribution to stockholders and the amount of taxable income carried over from the prior year for distribution in the current year. We do not have a policy to pay distributions at a specific level and expect to continue to distribute substantially all of our taxable income. We cannot assure stockholders that they will receive any distributions or distributions at a particular level.

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The following tables summarize dividends declared for the nine months ended September 30, 2014 and September 30, 2013:

Date Declared	Record Date	Payment Date	Amount Per Share	Total Amount
March 6, 2014	March 17, 2014	March 31, 2014	\$ 0.36	\$ 13,031,970
May 7, 2014	June 18, 2014	June 30, 2014	0.41*	14,842,008
August 7, 2014	September 16, 2014	September 30, 2014	0.36	15,267,647
Total for nine months ended September 30, 2014			\$ 1.13	\$ 43,141,625

March 7, 2013	March 18, 2013	March 29, 2013	\$ 0.40*	\$ 8,591,051
May 8, 2013	June 7, 2013	June 28, 2013	0.36	9,595,344
August 8, 2013	September 9, 2013	September 30, 2013	0.36	9,595,692
Total for nine months ended September 30, 2013			\$ 1.12	\$ 27,782,087

\*

Includes a special dividend of \$0.05.

The following table summarizes the total shares issued in connection with our dividend reinvestment plan for the nine months ended September 30, 2014 and 2013:

	2014	2013
Shares Issued	326	2,174
Average Price Per Share	\$ 16.90	\$ 16.33
Proceeds	\$ 5,509	\$ 35,507

We have elected to be taxed as a RIC under Subchapter M of the Code. In order to maintain favorable RIC tax treatment, we must distribute annually to our stockholders at least 90% 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 taxes imposed on RICs, we must distribute during each calendar year an amount at least equal to the sum of:

98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year;

98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year; and

certain undistributed amounts from previous years on which we paid no U.S. federal income tax.

We may, at our discretion, carry forward taxable income in excess of calendar year distributions and pay a 4% excise tax on this income. If we choose to do so, all other things being equal, this would increase expenses and reduce the amounts available to be distributed to our

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stockholders. We will accrue excise tax on estimated taxable income as required. In addition, although we currently intend to distribute realized net capital gains (i.e., 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 in the future decide to retain such capital gains for investment.

We have adopted an "opt in" dividend reinvestment plan for our common stockholders. As a result, if we declare a dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash,

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rather than having their dividends automatically reinvested in additional shares of our common stock.

We may not be able to achieve operating results that will allow us to make dividends and distributions at a specific level or to increase the amount of these dividends and distributions from time to time. Also, we may be limited in our ability to make dividends and distributions due to the asset coverage test applicable to us as a BDC under the 1940 Act and due to provisions in our existing and future credit facilities. If we do not distribute a certain percentage of our income annually, we will suffer adverse tax consequences, including possible loss of favorable RIC tax treatment. In addition, in accordance with U.S. generally accepted accounting principles and tax regulations, we include in income certain amounts that we have not yet received in cash, such as PIK interest, which represents contractual interest added to the loan balance that becomes due at the end of the loan term, or the accrual of original issue or market discount. Since we may recognize income before or without receiving cash representing such income, we may have difficulty meeting the requirement to distribute at least 90% of our investment company taxable income to obtain tax benefits as a RIC and may be subject to an excise tax.

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes.

### **Related Parties**

We have entered into a number of business relationships with affiliated or related parties, including the following:

Each of the Holding Company, the Operating Company, TCPC Funding, and the SBIC has entered into an investment management agreement with the Advisor.

The Administrator provides us with administrative services necessary to conduct our day-to-day operations. For providing these services, facilities and personnel, the Administrator may be reimbursed by us for expenses incurred by the Administrator in performing its obligations under the administration agreement, including our allocable portion of the cost of certain of our officers and the Administrator's administrative staff and providing, at our request and on our behalf, significant managerial assistance to our portfolio companies to which we are required to provide such assistance.

We have entered into a royalty-free license agreement with the Advisor, pursuant to which the Advisor has agreed to grant us a non-exclusive, royalty-free license to use the name "TCP."

Pursuant to its limited partnership agreement, the general partner of the Operating Company is SVOF/MM, LLC. SVOF/MM, LLC is an affiliate of the Advisor and the general partners or managing member of certain other funds managed by the Advisor.

The Advisor and its affiliates, employees and associates currently do and in the future may manage other funds and accounts. The Advisor and its affiliates may determine that an investment is appropriate for us and for one or more of those other funds or accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and those accounts. In general, the Advisor will allocate investment opportunities pro rata among us and the other funds and accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available. The allocation of certain investment opportunities in private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to



us. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more other funds or accounts desire to sell it or we may not have additional capital to invest at a time the other funds or accounts do. If the Advisor is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, the Advisor may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns. While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated investments subject to certain conditions. As a result, we may face conflict of interests and investments made pursuant to the exemptive order conditions which could in certain circumstances affect adversely the price paid or received by us or the availability or size of the position purchased or sold by us.

### Recent Developments

From October 1, 2014 through December 18, 2014, the Operating Company has invested approximately \$102.8 million in five new senior secured loans, three draws on existing loans, one loan to an existing portfolio company and one related equity investment with a combined effective yield on the debt investments of approximately 11.0%.

On October 3, 2014, the Company entered into the equity distribution agreement with the Agents under which the Company may from time to time offer and sell, at a premium to net asset value, shares of its common stock in negotiated transactions or "at the market" offerings having an aggregate offering price of up to \$100,000,000. Through December 18, 2014, the Company issued 400,255 shares pursuant the equity distribution agreement.

On November 5, 2014, the aggregate principal commitment on the TCPC Funding Facility increased to \$250 million and the facility's accordion feature expanded to \$300 million.

On November 6, 2014, the Company's board of directors declared a fourth quarter regular dividend of \$0.36 per share and a special dividend of \$0.05 per share. Both dividends are payable on December 31, 2014 to stockholders of record as of the close of business on December 8, 2014.

On November 21, 2014, the Company entered into an underwriting agreement with certain underwriters and sold 5,900,000 shares of common stock for \$97,577,150 in net proceeds. The Company granted the underwriters an option to purchase up to 885,000 additional shares of our common stock within 30 days of the date of such underwriting agreement. As of the date hereof, the underwriters have not exercised their option to purchase the additional shares. Pursuant to the underwriting agreement, we agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 45 days from the date of such underwriting agreement without first obtaining the written consent of each of the representatives. However, during this restricted period, we may sell up to 2,000,000 shares of common stock pursuant to at-the-market offerings on or after December 11, 2014. In the event that either (x) during the last 17 days of the restricted period referred to above, we issue an earnings release or material news or a material event relating to us occurs or (y) prior to the expiration of the restricted period, we announce that we will release earnings results or become aware that material news or a material event will occur during the 16-day period beginning on the last day of the restricted period, the restrictions shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

On November 25, 2014, the SEC issued an order permitting affiliated transactions between us and two registered closed-end funds, Tennenbaum Opportunities Fund V, LLC ("TOF") and

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Tennenbaum Opportunities Partners V, LP. ("TOP") (through which TOF makes its investments), all managed by the Advisor. TOP and TOF have limited terms and are scheduled to terminate their existence in October 2016, subject to up to two two-year extensions. The order will allow the closed-end funds, prior to their termination, to sell to us assets that are consistent with our investment objectives and strategies. Before selling to us in reliance on the order, TOP is required by the conditions of the order to establish a bona fide market price by selling a portion of each asset to an independent third-party buyer at arm's-length. TOP and we will be able to enter into the proposed transactions in reliance on the order only if the price of the related third party transaction falls within a certain range above or below TOP's valuation of the relevant asset. The transactions will need to be approved by the Required Majority (as defined in the 1940 Act) of TOP's and our board.

Net combined leverage was approximately 0.66 times net equity at September 30, 2014 and approximately 0.56 times net equity at December 18, 2014.

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**QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

We are subject to financial market risks, including changes in interest rates. At September 30, 2014, 79.7% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate. The interest rates on such investments generally reset by reference to the current market index after one to six months. At September 30, 2014, the percentage of our floating rate debt investments that bore interest based on an interest rate floor was 86.2%. Floating rate investments subject to a floor generally reset by reference to the current market index after one to six months only if the index exceeds the floor.

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. Because we fund a portion of our investments with borrowings, our net investment income is affected by the difference between the rate at which we invest and the rate at which we borrow. As a result, 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. We assess our portfolio companies periodically to determine whether such companies will be able to continue making interest payments in the event that interest rates increase. There can be no assurances that the portfolio companies will be able to meet their contractual obligations at any or all levels of increases in interest rates.

Based on our September 30, 2014 balance sheet, the following table shows the annual impact on net income (excluding the related incentive compensation impact) of base rate changes in interest rates (considering interest rate floors for variable rate instruments) assuming no changes in our investment and borrowing structure:

<b>Basis Point Change</b>	<b>Interest income</b>	<b>Interest Expense</b>	<b>Net Income</b>
Up 300 basis points	\$ 20,189,336	\$ (10,425,000)	\$ 9,764,336
Up 200 basis points	11,474,475	(6,950,000)	4,524,475
Up 100 basis points	3,065,566	(3,475,000)	(409,434)
Down 100 basis points	(330,249)	813,150	482,901
Down 200 basis points	(330,249)	813,150	482,901
Down 300 basis points	(330,249)	813,150	482,901

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## USE OF PROCEEDS

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings, including sales made directly on the NASDAQ Global Select Market or sales made to or through a market maker other than on an exchange. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus. Actual sales, if any, of our common stock under this prospectus supplement and the accompanying prospectus may be less than as set forth in this paragraph depending on, among other things, the market price of our common stock and the net asset value per share of our common stock at the time of any such sale. As a result, the actual net proceeds we receive may be more or less than the amount of net proceeds estimated in this prospectus supplement. However, the offering price per share of our common stock offered by this prospectus supplement and the accompanying prospectus, less the Agents' commissions and discounts payable by us, will not be less than the net asset value per share of our common stock at the time we sell common stock pursuant to this offering. Assuming the sale of shares of common stock having an aggregate offering price of \$100,000,000 pursuant to the equity distribution agreement, we estimate that the net proceeds would be approximately \$97.7 million after deducting the estimated Agents' commissions and our estimated offering expenses.

We intend to use the net proceeds from this offering to repay amounts outstanding under the Revolving Facilities, if any, (which will increase the funds under the Revolving Facilities available to us to make additional investments in portfolio companies) and to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. We anticipate that substantially all of such remainder of the net proceeds of the offering will be invested in accordance with our investment objective within six to twelve months following completion of the offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you that we will achieve our targeted investment pace.

As of December 18, 2014, we had \$15 million outstanding under the Operating Company Facility, with advances generally bearing interest at LIBOR plus 2.50%, subject to certain limitations. The Operating Company Facility matures July 31, 2016.

As of December 18, 2014, we had \$125 million outstanding under the TCPC Funding Facility, with advances generally bearing interest at LIBOR plus 2.50%, subject to certain limitations. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at our request for one 12-month period.

Pending investments in portfolio companies by the Company, the Company will invest the remaining net proceeds of an offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period. See "Regulation Temporary Investments" and "Management of the Company Investment Management Agreements" in the accompanying prospectus.

## PRICE RANGE OF COMMON STOCK

Our common stock began trading on April 5, 2012 and is currently traded on The Nasdaq Global Select Market under the symbol "TCPC." The following table lists the high and low closing sale price for our common stock, the premium (discount) of the related closing sale price as a percentage of NAV and quarterly distributions per share since shares of our common stock began being regularly quoted on The Nasdaq Global Select Market.

	Stock Price			Premium (Discount) of High Sales Price to NAV(3)	Premium (Discount) of Low Sales Price to NAV(3)	Declared Distributions
	NAV(1)	High(2)	Low(2)			
<b>Fiscal year ended December 31, 2012</b>						
Second Quarter <sup>(4)</sup>	\$ 14.70	\$ 14.75	\$ 13.80	0.3%	(6.1)%	\$ 0.34
Third Quarter	14.79	15.96	14.23	7.9%	(3.8)%	0.35
Fourth Quarter	14.71	15.80	14.66	7.4%	(0.3)%	0.40 <sup>(5)</sup>
<b>Fiscal year ended December 31, 2013</b>						
First Quarter	\$ 14.91	\$ 16.16	\$ 14.64	8.4%	(1.8)%	\$ 0.40 <sup>(5)</sup>
Second Quarter	\$ 14.94	\$ 16.77	\$ 15.01	12.2%	0.5%	\$ 0.36
Third Quarter	\$ 15.06	\$ 16.80	\$ 14.99	11.6%	(0.5)%	\$ 0.36
Fourth Quarter	\$ 15.18	\$ 17.42	\$ 15.98	14.8%	5.3%	\$ 0.41 <sup>(5)</sup>
<b>Fiscal year ended December 31, 2014</b>						
First Quarter	\$ 15.32	\$ 17.97	\$ 16.36	17.3%	6.8% <sup>(6)</sup>	\$ 0.36
Second Quarter	\$ 15.31	\$ 18.31	\$ 15.80	19.6%	3.2%	\$ 0.41 <sup>(5)</sup>
Third Quarter	\$ 15.43	\$ 18.31	\$ 16.07	18.7%	4.1%	\$ 0.36
Fourth Quarter (to December 18, 2014)	\$ (6)	\$ 17.19	\$ 15.25	⊘ <sup>1)</sup>	⊘ <sup>1)</sup>	\$ 0.41 <sup>(5)</sup>

- (1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.
- (2) The High/Low Stock Price is calculated as of the closing price on a given day in the applicable quarter.
- (3) Calculated as the respective High/Low Stock Price minus the quarter end NAV, divided by the quarter end NAV.
- (4) From April 5, 2012 (initial public offering) to June 30, 2012.
- (5) Includes a special dividend of \$0.05 per share.
- (6) NAV has not yet been finally determined for this period.

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On December 18, 2014, the closing price of our common stock was \$16.47 per share. As of December 18, 2014, we had 29 stockholders of record.

The table below sets forth each class of our outstanding securities as of December 18, 2014.

<b>Title of Class</b>	<b>Amount Authorized</b>	<b>Amount Held by Registrant or for its Account</b>	<b>Amount Outstanding</b>
Common Stock	200,000,000		48,710,497

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## CAPITALIZATION

The following table sets forth (1) our actual capitalization at September 30, 2014, (2) our capitalization on an as adjusted basis giving effect to the issuance of 400,255 shares of our common stock pursuant to the at-the-market program after September 30, 2014 and the issuance and sale of 5,900,000 shares of our common stock in an underwritten offering and the application of the net proceeds of such issuances, and (3) our capitalization on an as further adjusted basis giving effect to the transactions noted above and the assumed sale of 5,676,685 shares of our common stock at the public offering price of \$16.47 per share, the last reported closing price of our common stock on December 18, 2014, after deducting the maximum Agents' commissions and estimated offering expenses payable by us and the application of the estimated net proceeds of this offering. You should read this table together with "Use of Proceeds" in this prospectus supplement and the accompanying prospectus. There is no guarantee that there will be any sales of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

	<b>As of September 30, 2014</b>		
	<b>Actual</b>	<b>As Adjusted</b>	<b>As Adjusted Further</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 24,144,075	\$ 24,144,075	\$ 24,144,075
Investments	1,074,797,327	1,074,797,327	1,074,797,327
Other assets	20,664,662	20,664,662	20,664,662
<b>Total assets</b>	<b>\$ 1,119,606,064</b>	<b>\$ 1,119,606,064</b>	<b>\$ 1,119,606,064</b>
<b>Liabilities:</b>			
Operating Company Facility(1)	\$ 45,000,000	\$	\$
TCPC Funding Facility(1)	150,000,000	91,302,424	6,397,742
2019 Notes(2)	105,599,077	105,599,077	105,599,077
SBA Debentures(1)	18,500,000	18,500,000	18,500,000
Other liabilities	10,773,837	10,773,837	10,773,837
<b>Total liabilities</b>	<b>\$ 329,872,914</b>	<b>\$ 226,175,338</b>	<b>\$ 141,270,656</b>
<b>Stockholders' equity:</b>			
Preferred Interests(3), \$20,000/share liquidation preference; 6,700 shares authorized, 6,700 preferred interests issued and outstanding, actual; 6,700 preferred interests issued and outstanding, pro forma	\$ 134,000,000	\$ 134,000,000	\$ 134,000,000
Accumulated dividends on Preferred Interests	498,858	498,858	498,858
General Partner interest in Special Value Continuation Partners, LP	701,164	701,164	701,164
Common stock, par value \$0.001 per share; 200,000,000 shares of common stock authorized; 42,410,242 shares of common stock issued and outstanding, actual; 48,710,497 shares of common stock issued and outstanding, as adjusted; 54,387,182 shares of common stock issued and	42,410	48,710	54,387

outstanding, as adjusted further			
Preferred stock, par value \$0.001 per share; 100,000,000 shares of preferred stock authorized; no shares of preferred stock issued and outstanding, actual; no shares of preferred stock issued and outstanding, pro forma			
Paid-in capital in excess of par value	774,297,634	877,988,910	962,887,915
Accumulated net investment income	24,345,823	24,345,823	24,345,823
Accumulated net realized losses	(110,733,996)	(110,733,996)	(110,733,996)
Accumulated net unrealized depreciation	(32,717,579)	(32,717,579)	(32,717,579)
Non-controlling interest	(701,164)	(701,164)	(701,164)
Net assets applicable to common shareholders	\$ 654,533,128	\$ 758,230,704	\$ 843,135,386

<b>Total capitalization</b>	<b>\$ 1,119,606,064</b>	<b>\$ 1,119,606,064</b>	<b>\$ 1,119,606,064</b>
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- (1) As of December 18, 2014, our debt outstanding under the Operating Company Facility, the TCPC Funding Facility and the SBA Debentures was \$15 million, \$125 million and \$28 million, respectively.
- (2) In accordance with Accounting Standards Codification ("ASC") 470-20, convertible debt that may be wholly or partially settled in cash is required to be separated into a liability and an equity component, such that interest expense reflects the issuer's non-convertible debt interest rate. Upon issuance, a debt discount will be recognized as a decrease in debt and an increase in equity. The debt component will accrete up to the principal amount over the expected term of the debt. ASC 470-20 does not affect the actual amount that we are required to repay, and the amount shown in the table above for the notes is the aggregate principal amount of the notes and does not reflect any debt discount, fees and expenses that we will be required to recognize.
- (3) Preferred Interests are a component of the \$250 million Leverage Program of the Operating Company.



## SENIOR SECURITIES

Information about our senior securities is shown in the following table as of the end of each fiscal year ended since the Company commenced operations and as of September 30, 2014. The information in the senior securities table below as of the end of each fiscal year has been audited by our independent registered public accounting firm except for information for Fiscal 2014, which is unaudited.

<b>Class and Year</b>	<b>Total Amount Outstanding(4)</b>	<b>Asset Coverage Per Unit(5)</b>	<b>Involuntary Liquidating Preference Per Unit(6)</b>	<b>Average Market Value Per Unit(7)</b>
<b>Operating Company Facility<sup>(1)</sup></b>				
Fiscal 2014 (as of September 30, 2014, unaudited)	\$ 45,000	\$ 5,194	\$	N/A
Fiscal 2013	45,000	8,176		N/A
Fiscal 2012	74,000	7,077		N/A
Fiscal 2011	29,000	13,803		N/A
Fiscal 2010	50,000	8,958		N/A
Fiscal 2009	75,000	5,893		N/A
Fiscal 2008	34,000	10,525		N/A
Fiscal 2007	207,000	3,534		N/A
<b>Preferred Interests<sup>(2)</sup></b>				
Fiscal 2014 (as of September 30, 2014, unaudited)	\$ 134,000	\$ 48,805	\$ 20,074	N/A
Fiscal 2013	134,000	68,125	20,075	N/A
Fiscal 2012	134,000	50,475	20,079	N/A
Fiscal 2011	134,000	49,251	20,070	N/A
Fiscal 2010	134,000	48,770	20,056	N/A
Fiscal 2009	134,000	42,350	20,055	N/A
Fiscal 2008	134,000	42,343	20,175	N/A
Fiscal 2007	134,000	43,443	20,289	N/A
<b>TCPC Funding Facility<sup>(3)</sup></b>				
Fiscal 2014 (as of September 30, 2014, unaudited)	\$ 150,000	\$ 5,194	\$	N/A
Fiscal 2013	50,000	8,176		N/A
<b>SBA Debentures</b>				
Fiscal 2014 (as of September 30, 2014, unaudited)	\$ 18,500	\$ 5,194	\$	N/A
<b>2019 Notes</b>				
Fiscal 2014 (as of September 30, 2014 unaudited)	\$ 108,000	\$ 3,448	\$	N/A

(1) The Operating Company entered into the Operating Company Facility, pursuant to which amounts may currently be drawn up to \$116 million. The Operating Company Facility matures on July 31, 2016.

(2) At September 30, 2014, the Operating Company had 6,700 Preferred Interests issued and outstanding with a liquidation preference of \$20,000 per interest. The Preferred Interests will be subject to mandatory redemption on July 31, 2016.

(3) TCPC Funding entered into the TCPC Funding Facility, pursuant to which amounts may currently be drawn up to \$200 million. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at our request for one 12-month period.

- (4) Total amount of each class of senior securities outstanding at the end of the period presented (in 000's).

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- (5) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. For the Revolving Facilities, the asset coverage ratio with respect to indebtedness is multiplied by \$1,000 to determine the Asset Coverage Per Unit. The asset coverage ratio for the Preferred Interests is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by the sum of senior securities representing indebtedness and the liquidation preference of the Preferred Interests. For the Preferred Interests, the asset coverage ratio with respect to the Preferred Interests is multiplied by their liquidation value of \$20,000 plus accrued dividends to determine the Asset Coverage Per Unit.
- (6) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The " " in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.
- (7) Not applicable because our senior securities are not registered for public trading.

**SUPPLEMENT TO U.S. FEDERAL INCOME TAX MATTERS**

The following summary of U.S. federal income tax matters supplements the discussion set forth under the heading "U.S. Federal Income Tax Matters" and certain related tax disclosures in the accompanying prospectus and is subject to the qualifications and assumptions set forth therein.

The following paragraph replaces the paragraph under the heading "Risks Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to stockholders." in the accompanying prospectus:

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a large enough portion of such dividend is paid in cash (there is no definitive guidance as to what percentage of the dividend must be in cash) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

The following paragraph replaces the last paragraph under the heading "Management's Discussion and Analysis of Financial Condition and Results Of Operations Distributions" in the accompanying prospectus:

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a large enough portion of such dividend is paid in cash (there is no definitive guidance as to what percentage of the dividend must be in cash) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes.

The following paragraph replaces the fourth paragraph under the heading "U.S. Federal Income Tax Matters Taxation of U.S. stockholders" in the accompanying prospectus:

Dividends and other taxable distributions are taxable to you even though they are reinvested in additional shares of our common stock. We have the ability to declare a large portion of a dividend in shares of our stock. As long as a large enough portion of such dividend is paid in cash (there is no definitive guidance as to what percentage of the dividend must be in cash) and certain requirements are met, the entire distribution will be treated as a dividend for U.S. federal income tax purposes. As a result, our stockholders will be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our stock.

### PLAN OF DISTRIBUTION

We have entered into an equity distribution agreement, dated as of October 3, 2014 (the "Equity Distribution Agreement"), with each of the Agents under which we may from time to time offer and sell shares of our common stock having an aggregate offering price of up to \$100,000,000. Sales of our shares, if any, under this prospectus supplement and the accompanying prospectus may be made in negotiated transactions or transactions that are deemed to be "at the market" offerings, including sales made directly on the NASDAQ Global Select Market ("Nasdaq") or sales made to or through a market maker other than on an exchange.

Upon its acceptance of written instructions from us, the relevant Agent will use its commercially reasonable efforts, consistent with its sales and trading practices, to solicit offers to purchase our shares under the terms and subject to the conditions set forth in the Equity Distribution Agreement. We will instruct the relevant Agent as to the amount of shares to be sold by it. We may instruct the relevant Agent not to sell shares if the sales cannot be effected at or above the price designated by us in any instruction. The offering price per share of our common stock sold in this offering less the Agents' commissions or discounts payable by us will not be less than the net asset value per share of our common stock at the time we sell common stock pursuant to this offering. Our shares sold pursuant to the Equity Distribution Agreement will be sold through only one of the Agents on any given day. We or either of the Agents may suspend the at the market offerings of shares upon proper notice and subject to other conditions.

The relevant Agent will provide written confirmation to us no later than 9:30 a.m. (New York City time) on the trading day following the trading day in which shares were sold under the Equity Distribution Agreement. Each confirmation will include the number of shares sold on the preceding day, the net proceeds to us and the compensation payable by us to the Agent in connection with the sales.

We will pay each Agent a commission for its services in acting as sales agent and/or principal in the sale of shares. Each Agent will be entitled to compensation that will not exceed, but may be up to, 2.0% of the gross sales price of all shares sold through it under the Equity Distribution Agreement. We estimate that the total expenses for the at the market offerings, excluding compensation payable to the Agents under the terms of the Equity Distribution Agreement, will be approximately \$300,000. In connection with the sale of shares on our behalf, the Agents may be deemed to be "underwriters" within the meaning of the Securities Act, and the compensation paid to the Agents may be deemed to be underwriting commissions and discounts.

Settlement of sales of shares will occur on the third trading day (or such earlier day as is industry practice for regular-way trading) following the date on which any sales are made, or on some other date that is agreed upon by us and the applicable Agent in connection with a particular transaction, in return for payment of the net proceeds to us. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

We will report at least quarterly the number of shares sold through the Agents under the Equity Distribution Agreement and the net proceeds to us in connection with the sales of shares.

If we or the Agents have reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Securities Exchange Act are not satisfied, we or the Agents will promptly notify the other parties, and sales of shares under the Equity Distribution

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Agreement will be suspended until that or other exemptive provisions have been satisfied in the judgment of the Agents and us.

The at the market offerings of shares pursuant to the Equity Distribution Agreement will terminate upon the earlier of (1) the issuance and sale of shares having an aggregate offering price of \$100,000,000 pursuant to the Equity Distribution Agreement and (2) the termination of the Equity Distribution Agreement so that neither Agent remains subject thereto. The Equity Distribution Agreement may be terminated by either Agent as to itself or us at any time upon three days' notice, and by either Agent as to itself at any time in certain circumstances, including our failure to maintain a listing of our shares on the Nasdaq or the occurrence of a material adverse change in the company.

Through December 18, 2014, we have sold 400,255 shares of our common stock pursuant to the equity distribution agreement, having an aggregate offering price of \$6,504,992. As a result, shares of common stock having an aggregate offering price of \$93,495,008, or 5,676,685 shares of common stock based on the last reported closing price for our common stock on December 18, 2014, remain available for sale pursuant to the equity distribution agreement.

We, the Advisor and the General Partner have agreed to indemnify the Agents against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Agents may be required to make in respect of those liabilities.

Our common stock is listed on the NASDAQ Global Select Market under the symbol "TCPC."

### **Other Relationships**

The Agents and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Some of the Agents and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The Agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Principal Business Address**

The principal business address of Raymond James & Associates, Inc. is 880 Carillon Parkway, St. Petersburg, FL 33716. The principal business address of Cantor Fitzgerald & Co. is 499 Park Avenue, New York, NY 10022.

## LEGAL MATTERS

Certain legal matters regarding the common stock offered hereby have been passed upon for the Company by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, and for the Agents by Proskauer Rose LLP, Los Angeles, California.

## ADDITIONAL INFORMATION

We have filed with the SEC a shelf registration statement on Form N-2, together with all amendments and related exhibits, with respect to our common stock offered by this prospectus supplement. The registration statement contains additional information about us and the common stock being registered by this prospectus supplement and the accompanying prospectus. This prospectus supplement and the accompanying prospectus do not contain all of the information set forth in the registration statement, including any exhibits and schedules it may contain. For further information concerning us or the shares we are offering, please refer to the registration statement. Statements contained in this prospectus supplement and the accompanying prospectus as to the contents of any contract or other document referred to describe the material terms thereof but are not complete and in each instance reference is made to the copy of any contract or other document filed as an exhibit to the registration statement. Each statement is qualified in all respects by this reference.

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 Securities Exchange Act. You may obtain free copies of this information, request a free copy of the SAI, the table of contents of which is on page S-40 of this prospectus supplement, and make stockholder inquiries by contacting us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us collect at (310) 566-1094. You may also inspect and copy these reports, proxy statements and other information, as well as the registration statement of which the accompanying prospectus forms a part and the 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. 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. 20549-0102. In addition, the SEC maintains an Internet website that contains reports, proxy and information statements and other information filed electronically by us with the SEC at <http://www.sec.gov>.

No dealer, salesperson or other individual has been authorized to give any information or to make any representation other than those contained in this prospectus supplement and the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by us or the Agents. This prospectus supplement does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus supplement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs or that information contained herein is correct as of any time subsequent to the date hereof.

**TABLE OF CONTENTS OF STATEMENT OF ADDITIONAL INFORMATION**

A SAI dated as of December 19, 2014, has been filed with the SEC and is incorporated by reference in this prospectus supplement. An SAI and the material incorporated therein by reference may be obtained without charge by writing to us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us at (310) 566-1094. The Table of Contents of the SAI is as follows:

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**TCP Capital Corp.**

*(successor to Special Value Continuation Fund, LLC)*

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## TCP Capital Corp.

## Consolidated Statements of Assets and Liabilities

	September 30, 2014 (unaudited)	December 31, 2013
<b>Assets</b>		
Investments, at fair value:		
Companies less than 5% owned (cost of \$1,012,619,777 and \$684,569,508, respectively)	\$ 1,010,685,137	\$ 678,326,915
Companies 5% to 25% owned (cost of \$54,987,297 and \$73,946,547, respectively)	48,193,229	69,068,808
Companies more than 25% owned (cost of \$40,807,126 and \$42,588,724 respectively)	15,918,961	18,867,236
Total investments (cost of \$1,108,414,200 and \$801,104,779, respectively)	1,074,797,327	766,262,959
Cash and cash equivalents	24,144,075	22,984,182
Receivable for investments sold		3,605,964
Accrued interest income:		
Companies less than 5% owned	9,677,087	6,282,353
Companies 5% to 25% owned	650,326	415,061
Companies more than 25% owned	31,901	41,691
Deferred debt issuance costs	7,487,811	2,969,085
Unrealized appreciation on swaps	1,071,130	
Options (cost \$51,750)	1,327	14,139
Prepaid expenses and other assets	1,745,080	753,768
Total assets	1,119,606,064	803,329,202
<b>Liabilities</b>		
Debt	319,099,077	95,000,000
Incentive allocation payable	3,767,604	3,318,900
Interest payable	2,482,066	430,969
Payable for investments purchased	1,250,031	14,706,942
Payable to the Investment Manager	411,292	1,121,108
Unrealized depreciation on swaps		331,183
Accrued expenses and other liabilities	2,862,844	3,136,010
Total liabilities	329,872,914	118,045,112
<b>Commitments and contingencies (Note 5)</b>		
<b>Preferred equity facility</b>		
Series A preferred limited partner interests in Special Value Continuation Partners, LP; \$20,000/interest liquidation preference; 6,700 interests authorized, issued and outstanding	134,000,000	134,000,000
Accumulated dividends on Series A preferred equity facility	498,858	504,252
Total preferred limited partner interests	134,498,858	134,504,252
<b>Non-controlling interest</b>		
General Partner interest in Special Value Continuation Partners, LP	701,164	1,168,583

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<b>Net assets applicable to common shareholders</b>	<b>\$</b>	<b>654,533,128</b>	<b>\$</b>	<b>549,611,255</b>
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**Composition of net assets applicable to common shareholders**

Common stock, \$0.001 par value; 200,000,000 shares authorized, 42,410,242 and 36,199,916 shares issued and outstanding as of September 30, 2014 and December 31, 2013, respectively	42,410	36,200
Paid-in capital in excess of par	774,297,634	667,842,020
Accumulated net investment income	24,345,823	24,016,095
Accumulated net realized losses	(110,733,996)	(105,800,278)
Accumulated net unrealized depreciation	(32,717,579)	(35,314,199)
Non-controlling interest	(701,164)	(1,168,583)

<b>Net assets applicable to common shareholders</b>	<b>\$</b>	<b>654,533,128</b>	<b>\$</b>	<b>549,611,255</b>
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<b>Net assets per share</b>	<b>\$</b>	<b>15.43</b>	<b>\$</b>	<b>15.18</b>
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*See accompanying notes.*

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b>Debt Investments (A)</b>										
<b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b>										
Expert Global Solutions, LLC	First Lien Term Loan B	LIBOR (Q)	7.25%	1.25%	4/3/2018	\$ 683,590	\$ 696,318	\$ 684,728	0.06%	
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	11.00%	1.50%	10/3/2018	\$ 7,448,973	7,266,578	7,363,310	0.67%	
							7,962,896	8,048,038	0.73%	
<b>Activities Related to Real Estate</b>										
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	8.00%	1.00%	3/26/2021	\$ 16,511,362	16,284,331	16,560,896	1.51%	
<b>Advertising, Public Relations, and Related Services</b>										
Doubleplay III Limited (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	6.25%	1.25%	3/18/2018	€ 13,165,705	16,717,182	16,213,862	1.48%	D/I
<b>Artificial Synthetic Fibers and Filaments Manufacturing</b>										
AGY Holding Corp.	Sr Secured Term Loan	Fixed	12.00%		9/15/2016	\$ 2,298,418	2,298,418	2,298,418	0.21%	B
AGY Holding Corp.	Second Lien Notes	Fixed	11.00%		11/15/2016	\$ 9,268,000	7,586,318	8,637,777	0.79%	B/E
							9,884,736	10,936,195	1.00%	
<b>Basic Chemical Manufacturing</b>										
M&G Chemicals S.A. (Luxembourg)	Sr Secured Term Loan	LIBOR (Q)	7.50%		3/18/2016	\$ 15,632,077	15,632,077	15,632,077	1.42%	I
PeroxyChem, LLC	First Lien Term Loan	LIBOR (Q)	6.50%	1.00%	2/28/2020	\$ 8,955,000	8,794,870	9,089,325	0.83%	
							24,426,947	24,721,402	2.25%	
<b>Beverage Manufacturing</b>										
Carolina Beverage Group, LLC	Secured Notes	Fixed	10.625%		8/1/2018	\$ 7,780,000	7,780,000	8,091,200	0.74%	E/G
<b>Business Support Services</b>										
FTG-Fairway Acquisitions, Inc.	Second Lien Term	LIBOR (Q)	9.25%	1.25%	8/28/2019	\$ 14,643,455	14,012,131	14,863,107	1.35%	

Loan									
<b>Chemical Manufacturing</b>									
Archroma	Term Loan	LIBOR	8.25%	1.25%	9/30/2018	\$ 19,946,579	19,627,478	20,208,378	1.84%
	B	(Q)							
<b>Communications Equipment Manufacturing</b>									
Globecomm	First Lien	LIBOR	7.625%	1.25%	12/11/2018	\$ 14,887,500	14,738,625	14,746,069	1.34% B
Systems, Inc.	Term Loan	(Q)							
<b>Computer Equipment Manufacturing</b>									
ELO Touch	Second	LIBOR	10.50%	1.50%	12/1/2018	\$ 10,000,000	9,704,432	9,150,000	0.84%
Solutions, Inc.	Lien Term	(Q)							
	Loan								
<b>Computer Systems Design and Related Services</b>									
Autoalert, LLC			4.75%						
	First Lien	LIBOR	Cash +	0.25%	3/31/2019	\$ 30,613,101	30,061,099	30,980,458	2.82%
	Term Loan	(Q)	4% PIK						
Blue Coat	First Lien	LIBOR	3.50%	1.00%	5/31/2018	\$	(780,948)	(570,240)	(0.05)% L
Systems, Inc.	Revolver	(Q)							
Blue Coat	Second	LIBOR	8.50%	1.00%	6/28/2020	\$ 15,000,000	14,878,125	15,000,000	1.36%
Systems, Inc.	Lien Term	(Q)							
	Loan								
MSC Software	Second	LIBOR	7.50%	1.00%	5/29/2021	\$ 11,993,035	11,873,105	11,813,140	1.07%
Corporation	Lien Term	(M)							
	Loan								
DnX Enterprise	First Lien	LIBOR	8.00%		9/3/2018	\$ 2,367,400	2,367,400	2,352,012	0.21%
Solutions, Ltd.	Term Loan	(Q)							
	B								
DnX Enterprise	First Lien	LIBOR	7.00%		9/3/2018	\$ 10,560,000	10,433,374	10,317,120	0.94%
Solutions, Ltd.	Term Loan	(Q)							
DnX USA, LLC	First Lien	LIBOR	8.00%		9/3/2018	\$ 4,734,800	4,734,800	4,704,024	0.43%
	Term Loan	(Q)							
	B								
DnX USA, LLC	First Lien	LIBOR	7.00%		9/3/2018	\$ 5,280,000	5,220,412	5,158,560	0.47%
	Term Loan	(Q)							
Vistronix, LLC	First Lien	LIBOR	7.50%	1.00%	12/4/2018	\$ 131,329	125,092	131,329	0.01%
	Revolver	(Q)							
Vistronix, LLC	First Lien	LIBOR	7.50%	1.00%	12/4/2018	\$ 6,595,001	6,521,724	6,529,051	0.59%
	Term Loan	(M)							
Websense, Inc.	Second	LIBOR	7.25%	1.00%	12/27/2020	\$ 7,200,000	7,164,000	7,200,000	0.66%
	Lien Term	(Q)							
	Loan								
							92,598,183	93,615,454	8.51%
<b>Cut and Sew Apparel Manufacturing</b>									
ones	First Lien	LIBOR	9.60%	1.00%	4/8/2019	\$ 14,329,403	14,186,109	14,479,862	1.32%
Apparel, LLC	FILO Term	(M)							
	Loan								

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Data Processing, Hosting, and Related Services</b>									
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	7.00%	1.00%	7/30/2020	\$	\$ (42,880)	\$ (34,304)	0.00% L
Asset International, Inc.	Revolver	LIBOR (M)	7.00%	1.00%	7/30/2020	\$ 355,485	345,667	347,406	0.03%
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	7.00%	1.00%	7/30/2020	\$ 8,212,337	8,051,574	8,130,214	0.74%
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	8.75%	0.50%	8/6/2019	\$ 5,000,000	3,994,082	4,280,000	0.39%
The Telx Group, Inc.	Senior Notes	Fixed	13.5% PIK		7/9/2021	\$ 4,165,481	4,165,481	4,332,100	0.39% E
United TLD Holdco, Ltd. (Cayman Islands)	Second Lien Term Loan	LIBOR (Q)	8.75%	0.50%	8/6/2019	\$ 10,000,000	7,988,163	8,560,000	0.78% I
							24,502,087	25,615,416	2.33%
<b>Electric Power Generation, Transmission and Distribution</b>									
Panda Sherman Power, LLC	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	9/14/2018	\$ 11,045,948	10,926,541	11,301,385	1.03%
<b>Electrical Equipment and Component Manufacturing</b>									
Palladium Energy, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	12/26/2017	\$ 16,153,317	15,912,128	16,234,084	1.48%
<b>Electrical Equipment Manufacturing</b>									
API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	2/6/2018	\$ 6,773,900	6,706,161	6,746,804	0.61%
<b>Fabricated Metal Product Manufacturing</b>									
Constellation Enterprises, LLC	First Lien Notes	Fixed	10.625%		2/1/2016	\$ 2,900,000	2,858,907	2,646,250	0.24% E
<b>Financial Investment Activities</b>									
Institutional Shareholder Services, Inc.	Second Lien Term Loan	LIBOR (Q)	7.50%	1.00%	4/30/2022	\$ 6,471,492	6,406,777	6,439,135	0.59%
Marsico Capital Management	First Lien Term Loan	LIBOR (M)	5.00%		12/31/2022	\$ 10,520,758	13,247,034	3,892,680	0.35% J
							19,653,811	10,331,815	0.94%
<b>Full-Service Restaurants</b>									

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RM Holdco, LLC	Subordinated Convertible Term Loan	Fixed	1.12% PIK		3/21/2018	\$ 5,164,796	5,164,796	15,494	B
RM OpCo, LLC	Convertible Second Lien Term Loan Tranche B-1	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 1,565,489	1,543,886	1,565,489	0.14% B
RM OpCo, LLC	First Lien Term Loan Tranche A	Fixed	11.00%		3/21/2016	\$ 3,763,095	3,763,095	3,763,095	0.34% B
RM OpCo, LLC	Second Lien Term Loan Tranche B	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 7,800,294	7,800,294	6,891,560	0.63% B
RM OpCo, LLC	Second Lien Term Loan Tranche B-1	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 2,456,579	2,427,363	2,456,579	0.22% B
							20,699,434	14,692,217	1.33%
<b>Gaming Industries</b>									
AP Gaming I, LLC	First Lien Revolver	LIBOR (Q)	8.25%	1.00%	12/20/2018	\$ 2,500,000	2,879,797	3,000,000	0.27%
AP Gaming I, LLC	First Lien Term Loan B	LIBOR (Q)	8.25%	1.00%	12/20/2020	\$ 14,887,500	14,474,462	15,036,375	1.37%
							17,354,259	18,036,375	1.64%
<b>General Medical and Surgical Hospitals</b>									
RegionalCare Hospital Partners, Inc.	Second Lien Term Loan	LIBOR (M)	9.50%	1.00%	10/23/2019	\$ 21,017,525	20,718,500	21,227,700	1.93%
<b>Grocery Stores</b>									
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	9.35%	1.50%	12/28/2015	\$ 12,537,855	12,502,700	12,531,586	1.14%
The Great Atlantic & Pacific Tea Company, Inc.	Term Loan Tranche B	LIBOR (M)	8.85%	1.00%	9/17/2019	\$ 21,162,842	20,794,482	21,236,912	1.93%
							33,297,182	33,768,498	3.07%
<b>Insurance Carriers</b>									
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	10.50%	1.00%	3/7/2020	\$ 1,265,299	1,169,087	1,311,491	0.12% E
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	10.50%	1.00%	3/7/2020	\$ 20,627,638	20,219,076	20,823,601	1.90% E
US Apple Holdco, LLC	First Lien Term Loan	LIBOR (Q)	11.50%	0.50%	8/29/2019	\$ 20,000,000	19,209,747	19,800,000	1.80%

40,597,910 41,935,092 3.82%

**Insurance Related Activities**

Confie Seguros Holding II Co.	Second Lien Term Loan	LIBOR (M)	9.00%	1.25%	5/8/2019	\$ 7,861,809	7,772,384	7,940,466	0.72%
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**Lessors of Nonfinancial Intangible Assets**

ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (S)	8.00%	1.00%	5/27/2022	\$ 15,990,714	15,830,807	15,970,726	1.45%
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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Lessors of Real Estate</b>									
Hunt Companies, Inc.	Senior Secured Notes	Fixed	9.625%		3/1/2021	\$ 13,084,000	\$ 12,931,013	\$ 13,672,780	1.24% E/G
<b>Merchant Wholesalers</b>									
Envision Acquisition Company, LLC	Second Lien Term Loan	LIBOR (Q)	8.75%	1.00%	11/4/2021	\$ 9,079,011	8,897,430	9,124,406	0.83%
<b>Motion Picture and Video Industries</b>									
CORE Entertainment, Inc.	First Lien Term Loan	Fixed	9.00%		6/21/2017	\$ 9,462,231	9,396,582	8,279,452	0.75%
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	13.50%		6/21/2018	\$ 7,569,785	7,513,892	6,812,807	0.62%
							16,910,474	15,092,259	1.37%
<b>Newspaper, Periodical, Book, and Directory Publishers</b>									
Hanley-Wood, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.75%	1.25%	7/15/2018	\$ 16,301,800	16,301,800	16,407,762	1.49%
MediMedia USA, Inc.	First Lien Revolver	LIBOR (Q)	6.75%		5/20/2018	\$ 3,875,000	3,005,743	3,458,283	0.31%
MediMedia USA, Inc.	First Lien Term Loan	LIBOR (Q)	6.75%	1.25%	11/20/2018	\$ 9,591,911	9,360,784	9,376,093	0.85%
							28,668,327	29,242,138	2.65%
<b>Nondepository Credit Intermediation</b>									
Caribbean Financial Group (Cayman Islands)									
	Sr Secured Notes	Fixed	11.50%		11/15/2019	\$ 10,000,000	9,840,428	10,875,000	0.99% E/G/I
Trade Finance Funding I, Ltd. (Cayman Islands)									
	Secured Class B Notes	Fixed	10.75%		11/13/2018	\$ 15,084,000	15,084,000	15,084,000	1.37% E/I
							24,924,428	25,959,000	2.36%
<b>Nonscheduled Air Transportation</b>									
		Fixed			6/3/2019	\$ 18,518,669	17,275,660	19,074,229	1.74%

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One Sky Flight, LLC	Second Lien Term Loan		12% Cash + 3% PIK							
<b>Oil and Gas Extraction</b>										
Jefferson Gulf Coast Energy Partner, LLC	First Lien Term Loan B	LIBOR (M)	8.00%	1.00%	2/27/2018	\$ 15,000,000	14,850,000	14,943,750	1.36%	
MD America Energy, LLC	Second Lien Term Loan	LIBOR (Q)	8.50%	1.00%	8/4/2019	\$ 10,000,000	9,514,338	9,779,150	0.89%	
Willbros Group, Inc.	First Lien Term Loan	LIBOR (Q)	9.75%	1.25%	8/7/2019	\$ 13,622,801	13,292,164	13,781,711	1.25%	
							37,656,502	38,504,611	3.50%	
<b>Other Information Services</b>										
TCH-2 Holdings, LLC	Second Lien Term Loan	LIBOR (M)	7.75%	1.00%	11/6/2021	\$ 19,988,392	19,688,567	19,488,683	1.77%	
<b>Other Telecommunications</b>										
Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/30/2021	\$ 14,000,000	13,860,000	13,947,500	1.27%	
<b>Petroleum and Coal Products Manufacturing</b>										
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	9.50%	1.50%	10/11/2017	\$ 3,879,333	3,819,695	3,481,701	0.32%	
<b>Pesticide, Fertilizer, and Other Agricultural Chemical Manufacturing</b>										
VitAG Holdings, LLC	Sr Secured Term Loan	LIBOR (M)	10.27%		2/1/2018	\$ 7,700,000	7,545,323	7,766,000	0.71%	
<b>Plastics Products Manufacturing</b>										
Iracore International, Inc.	Sr Secured Notes	Fixed	9.50%		6/1/2018	\$ 13,600,000	13,600,000	12,444,000	1.13% E/H	
<b>Radio and Television Broadcasting</b>										
SiTV, Inc.	Sr Secured Notes	Fixed	10.375%		7/1/2019	\$ 7,312,000	7,312,000	7,248,020	0.66% E/G	
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	8.50%		5/29/2017	\$ 18,111,966	17,744,530	18,274,974	1.66%	
							25,056,530	25,522,994	2.32%	
<b>Retail</b>										
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	10.40%	1.00%	9/25/2017	\$ 10,863,636	10,689,030	10,917,954	0.99%	
Shopzilla, Inc.	Second Lien Term Loan	LIBOR (Q)	12.50%		3/31/2016	\$ 6,630,353	6,536,895	6,567,364	0.60%	
Shop Holding, LLC	Convertible Promissory Note	Fixed	5.00%		8/5/2015	\$ 73,140	73,140	65,899	0.01% E	

17,299,065 17,551,217 1.60%

**Satellite Telecommunications**

Avanti Communications Group, PLC (United Kingdom)									
	Sr Secured								
	Notes	Fixed	10.00%	10/1/2019	\$ 9,914,000	9,914,000	9,914,000	0.90%	E/G/I
				S-F-5					

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b>Debt Investments (continued)</b>										
<b>Scheduled Air Transportation</b>										
Aircraft Leased to Delta Air Lines, Inc.										
913DL	Aircraft Secured Mortgage	Fixed	8.00%		3/15/2017	\$ 226,723	\$ 226,723	232,220	0.02%	F
918DL	Aircraft Secured Mortgage	Fixed	8.00%		8/15/2018	\$ 332,830	332,830	341,360	0.03%	F
954DL	Aircraft Secured Mortgage	Fixed	8.00%		3/20/2019	\$ 450,991	450,991	461,380	0.04%	F
955DL	Aircraft Secured Mortgage	Fixed	8.00%		6/20/2019	\$ 472,313	472,313	483,140	0.05%	F
956DL	Aircraft Secured Mortgage	Fixed	8.00%		5/20/2019	\$ 470,291	470,291	481,440	0.04%	F
957DL	Aircraft Secured Mortgage	Fixed	8.00%		6/20/2019	\$ 476,444	476,444	487,560	0.04%	F
959DL	Aircraft Secured Mortgage	Fixed	8.00%		7/20/2019	\$ 482,545	482,545	493,680	0.04%	F
960DL	Aircraft Secured Mortgage	Fixed	8.00%		10/20/2019	\$ 504,728	504,728	516,120	0.05%	F
961DL	Aircraft Secured Mortgage	Fixed	8.00%		8/20/2019	\$ 496,848	496,848	508,300	0.05%	F
976DL	Aircraft Secured Mortgage	Fixed	8.00%		2/15/2018	\$ 330,316	330,316	338,640	0.03%	F
Aircraft Leased to United Airlines, Inc.										
510UA	Aircraft Secured Mortgage	Fixed	20.00%		10/26/2016	\$ 256,135	256,135	299,915	0.03%	B
512UA	Aircraft Secured Mortgage	Fixed	20.00%		10/26/2016	\$ 263,385	263,385	310,270	0.03%	B

545UA	Mortgage Aircraft Secured									
	Mortgage	Fixed	16.00%	8/29/2015	\$ 139,224	139,224	147,345	0.01%	B	
659UA	Aircraft Secured									
	Mortgage	Fixed	12.00%	2/28/2016	\$ 1,876,367	1,876,367	1,990,292	0.18%	F	
661UA	Aircraft Secured									
	Mortgage	Fixed	12.00%	5/4/2016	\$ 2,073,525	2,073,525	2,227,375	0.20%	F	
tesa Air group, Inc.	Acquisition Delayed	LIBOR								
	Draw Loan	(M)	7.25%	7/15/2022	\$	(271,500)	6,788		L	
tesa Air group, Inc.	Acquisition Loan	LIBOR (M)	7.25%	7/15/2022	\$ 18,100,000	17,738,000	18,109,050	1.65%		
							26,319,165	27,434,875	2.49%	
<b>Scientific Research and Development Services</b>										
PA laboratories, Inc.	Senior Secured Notes	Fixed	12.25%	4/1/2017	\$ 17,200,000	16,536,295	18,640,500	1.70%	E/G	
<b>Semiconductor and Other Electronic Component Manufacturing</b>										
ora, Inc.	Sr Secured Term Loan	LIBOR (M)	10.27%	9/1/2017	\$ 22,500,000	21,771,128	21,892,500	1.99%		
unEdison, Inc.	Senior Secured Letters of Credit	LIBOR (Q)	3.75%	2/28/2017	\$ 9,379,246	(1,031,717)	(937,925)	(0.09)%	K/L	
							20,739,411	20,954,575	1.90%	
<b>Software Publishers</b>										
ronis International GmbH (Switzerland)	First Lien Revolver	LIBOR (Q)	9.50%	1.00%	2/21/2017	\$ 5,634,068	5,634,068	5,634,068	0.51%	I
ronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	9.50%	1.00%	2/21/2017	\$ 25,000,000	24,774,635	24,612,500	2.25%	I
rcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	8.50%	0.50%	1/31/2020	\$ 30,000,000	29,418,442	29,760,000	2.72%	I
ackLine ystems, Inc.			0.4%							
	First Lien Term Loan	LIBOR (Q)	Cash + 7.6% PIK	1.50%	9/25/2018	\$ 13,318,777	12,589,982	13,438,646	1.22%	
oreone echnologies, LLC	First Lien Term Loan	LIBOR (Q)	Cash + 5% PIK	1.00%	9/4/2018	\$ 14,077,353	13,829,562	13,929,541	1.27%	
eltek, Inc.	Second Lien Term Loan	LIBOR (Q)	8.75%	1.25%	10/10/2019	\$ 15,000,000	14,824,557	15,237,450	1.39%	
ndmentum, Inc.			9.75%	1.50%	5/17/2019	\$ 21,500,000	21,351,941	21,876,250	1.99%	

Second Lien LIBOR  
Term Loan (Q)

122,423,187 124,488,455 11.35%

**Specialty Hospitals**

BC Healthcare First Lien LIBOR  
Analytics, Inc. Term Loan (Q) 9.00% 1.00% 7/1/2018 \$ 4,795,797 4,771,818 4,707,075 0.43%

**Structured Note Funds**

Magnolia Finance Asset-Backed  
plc (Cayman Credit  
lands) Linked Notes Fixed 13.125% 8/2/2021 \$ 15,000,000 15,000,000 15,211,500 1.38% E/I  
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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Investor	Instrument	Ref	Spread	Floor	Maturity	Principal Amount or Shares	Cost	Value	% Portfolio
<b>Real Estate Investments (continued)</b>									
<b>Tile Furnishings Mills</b>									
Mark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	10.00%	1.00%	9/30/2018	\$ 15,758,531	\$ 15,431,697	\$ 15,994,909	1.46%
<b>Utility System Construction</b>									
Wa Solar Holdings, Inc.	Revolving Credit Facility	Fixed	8.00%		7/2/2017	\$ 25,000,000	25,000,000	25,012,500	2.28%
<b>Fixed Telecommunications Carriers</b>									
Pharus Telecommunications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 374,960	363,777	371,585	0.03%
Pharus Telecommunications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 8,196,573	8,115,088	8,171,983	0.74%
Altra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	8.50%	1.25%	2/22/2020	\$ 15,000,000	14,728,136	15,225,000	1.39%
							23,207,001	23,768,568	2.16%
<b>Wireless Telecommunications Carriers</b>									
Go, LLC	First Lien Term Loan	LIBOR (Q)	9.75%	1.50%	6/21/2017	\$ 19,209,212	18,646,792	20,457,811	1.86%
Go, LLC	First Lien Term Loan	LIBOR (Q)	6.50%	1.00%	3/21/2018	\$ 5,524,797	5,418,641	5,607,669	0.51%
							24,065,433	26,065,480	2.37%
<b>Total Debt Investments</b>							1,036,294,182	1,041,145,246	94.73%
<b>Equity Securities</b>									
<b>Business Support Services</b>									
ally Talent, LLC	Membership Units					708,229	230,938	162,184	0.02% C/
G-Fairway Holdings, LLC	Class A Units					841,479	943,287	2,435,661	0.22% C/

			1,174,225	2,597,845	0.24%
<b>Communications Equipment Manufacturing</b>					
Esserstein Cosmos Invest, L.P.	Limited Partnership Units	5,000,000	5,000,000	4,375,000	0.40% B/
<b>Data Processing, Hosting, and Related Services</b>					
Comp, Inc.	Class A Common Stock	1,255,527	26,711,048	878,869	0.08% C/
tside Group, Ltd.	Warrants	498,855	2,778,622	2,391,002	0.22% C/
			29,489,670	3,269,871	0.30%
<b>Depository Credit Intermediation</b>					
al Financial Corporation (Puerto Rico)	Common Stock	53,890	11,699,417	357,828	0.03% C/
<b>Financial Investment Activities</b>					
sico Holdings, LLC	Common Interest Units	168,698	172,694	18,557	C/
<b>Full-Service Restaurants</b>					
Holdco, LLC	Membership Units	13,161,000	2,010,777		B/
<b>Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing</b>					
ision Holdings, LLC	Class C Membership Interest	33		2,165	C/
<b>Nonmetallic Mineral Mining and Quarrying</b>					
MC HoldCo, LLC	Membership Units	1,312,720		682,614	0.06% B/
<b>Unscheduled Air Transportation</b>					
ht Options Holdings I, Inc.	Warrants to Purchase Common Stock	1,843	1,274,000	3,180,876	0.29% C/
<b>Radio and Television Broadcasting</b>					
V, Inc.	Warrants to Purchase Common Stock	233,470	300,322	247,478	0.02% C/

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref Spread	Maturity	Principal Amount or Shares	Cost	Value	% Portfolio	Notes
<b>Equity Securities (continued)</b>								
<b>Retail</b>								
Shop Holding, LLC	Class A Units			\$ 507,167	\$ 480,049	\$ 276,862	0.03%	C/E
Shop Holding, LLC	Warrants to Purchase Class A Units			326,691		3		C/E
					480,049	276,865	0.03%	
<b>Scheduled Air Transportation</b>								
Aircraft Leased to Delta Air Lines, Inc.								
N913DL	Trust Beneficial Interests			937	89,178	119,680	0.01%	E/F
N918DL	Trust Beneficial Interests			776	98,106	137,713	0.01%	E/F
N954DL	Trust Beneficial Interests			728	115,597	71,400	0.01%	E/F
N955DL	Trust Beneficial Interests			705	115,011	111,860	0.01%	E/F
N956DL	Trust Beneficial Interests			710	114,963	107,440	0.01%	E/F
N957DL	Trust Beneficial Interests			705	115,695	108,120	0.01%	E/F
N959DL	Trust Beneficial Interests			699	116,425	109,140	0.01%	E/F
N960DL	Trust Beneficial Interests			684	119,292	108,460	0.01%	E/F

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N961DL	Trust Beneficial Interests	694	118,520	103,020	0.01% E/F
N976DL	Trust Beneficial Interests	824	100,538	102,350	0.01% E/F
Aircraft Leased to United Airlines, Inc.					
N510UA	Trust Beneficial Interests	63	243,188	416,889	0.04% B/E
N512UA	Trust Beneficial Interests	62	237,703	408,217	0.04% B/E
N545UA	Trust Beneficial Interests	79	422,890	598,547	0.05% B/E
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	495	2,423,386	2,691,182	0.24% E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	481	2,375,446	2,708,220	0.25% E/F
			6,805,938	7,902,238	0.72%

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref Spread	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b>Equity Securities (continued)</b>								
<b>Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing</b>								
KAGY Holding Company, Inc.	Series A Preferred Stock			9,778	\$ 1,091,200	\$ 579,951	0.05%	B/C/E
<b>Semiconductor and Other Electronic Component Manufacturing</b>								
Ichor Systems Holdings, LLC	Membership Units			352		213,780	0.02%	C/E
Soraa, Inc.	Warrants to Purchase Common Stock			315,000	408,987	411,611	0.04%	C/E
					408,987	625,391	0.06%	
<b>Software Publishers</b>								
Blackline Intermediate, Inc.	Warrants			1,232,731	522,678	749,747	0.07%	C/E
<b>Wired Telecommunications Carriers</b>								
Integra Telecom, Inc.	Common Stock			1,274,522	8,433,885	5,200,177	0.47%	C/E
Integra Telecom, Inc.	Warrants			346,939	19,920	191,406	0.02%	C/E
V Telecom Investment S.C.A. (Luxembourg)	Common Shares			1,393	3,236,256	3,394,072	0.31%	C/D/E/I
					11,690,061	8,785,655	0.80%	
<b>Total Equity Securities</b>					72,120,018	33,652,081	3.07%	
<b>Total Investments</b>					1,108,414,200	1,074,797,327	97.80%	

**Cash and Cash Equivalents**

Wells Fargo & Company Money Market Deposit Account	21,393,112	1.95%
Cash Denominated in Foreign Currencies	240,156	0.02%
Cash Held on Account at Various Institutions	2,510,807	0.23%
<b>Cash and Cash Equivalents</b>	<b>24,144,075</b>	<b>2.20%</b>
<b>Total Cash and Investments</b>	<b>\$ 1,098,941,402</b>	<b>100.00% M</b>

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*Notes to Consolidated Statement of Investments:*

- (A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.
- (B) Non-controlled affiliate as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.
- (C) Non-income producing security.
- (D) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)
- (E) Restricted security. (See Note 2)
- (F) Controlled issuer as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% owned nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.

- (G) Investment has been segregated to collateralize certain unfunded commitments.
- (H) \$3,600,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.
- (I) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (J) Exempt from the definition of investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

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## TCP Capital Corp.

## Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2014

## Showing Percentage of Total Cash and Investments of the Company

- (K) Publicly traded company with a market capitalization greater than \$250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (L) Negative balances relate to an unfunded commitment that was acquired at a discount.
- (M) All cash and investments, except those referenced in Notes G above, are pledged as collateral under certain debt as described in Note 4 to the Consolidated Financial Statements.

LIBOR or EURIBOR resets monthly (M), quarterly (Q), or semiannually (S).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$486,041,022, and \$177,994,806, respectively, for the nine months ended September 30, 2014. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of September 30, 2014 was \$1,074,439,499, or 97.8% of total cash and investments of the Company.

Options and swaps at September 30, 2014 were as follows:

<b>Investment</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$ 1,327
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/2017	\$ 4,289,019	\$ 1,071,130

*See accompanying notes.*

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## TCP Capital Corp.

## Consolidated Statement of Investments

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Borrower	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Noted
<b>Debt Investments</b>									
<b>(A)</b>									
<b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b>									
Expert Global Solutions, LLC	First Lien Term Loan	LIBOR (Q)	7.25%	1.25%	4/3/2018	\$ 699,754	\$ 701,280	\$ 703,691	0.09%
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	11.00%	1.50%	10/3/2018	\$ 7,434,877	7,228,004	7,382,833	0.94%
							7,929,284	8,086,524	1.03%
<b>Advertising, Public Relations, and Related Services</b>									
Doubleplay III Limited (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	6.25%	1.25%	3/18/2018	€ 13,165,705	16,428,630	16,736,606	2.12% D/J
<b>Architectural, Engineering, and Related Services</b>									
ASP Holdings, Inc.	Jr Unsecured Subordinated Promissory Notes	Fixed	6% Cash + 10% PIK		12/31/2019	\$ 7,959,369	7,959,369	7,959,369	1.01% B/E
<b>Artificial Synthetic Fibers and Filaments</b>									
<b>Manufacturing</b>									
GGY Holding Corp.	Sr Secured Term Loan	Fixed	12.00%		9/15/2016	\$ 2,056,927	2,056,927	2,056,927	0.26% B
GGY Holding Corporation	Second Lien Term Loan	Fixed	11.00%		11/15/2016	\$ 9,268,000	7,586,317	9,268,000	1.17% B/E
							9,643,244	11,324,927	1.43%
<b>Beverage Manufacturing</b>									
Carolina Beverage Group, LLC	Secured Notes	Fixed	10.625%		8/1/2018	\$ 7,780,000	7,780,000	8,207,900	1.04% E
<b>Business Support Services</b>									
FTG-Fairway Acquisitions, Inc.	Second Lien Term Loan	LIBOR (Q)	9.25%	1.25%	8/28/2019	\$ 14,643,455	13,944,123	14,929,002	1.89%
<b>Chemical Manufacturing</b>									

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Archroma	Term Loan B	LIBOR (Q)	8.25%	1.25%	9/30/2018	\$ 17,456,250	17,107,125	17,401,699	2.20%
<b>Communications Equipment Manufacturing</b>									
Robcomm Systems Inc.	First Lien Term Loan	LIBOR (Q)	7.625%	1.25%	12/11/2018	\$ 15,000,000	14,850,000	15,097,500	1.91% B
<b>Computer Equipment Manufacturing</b>									
LO Touch Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	10.50%	1.50%	12/1/2018	\$ 10,000,000	9,666,672	9,100,000	1.15%
<b>Converted Paper Products Manufacturing</b>									
anpak Corp.	Second Lien Term Loan	LIBOR (Q)	7.25%	1.25%	4/23/2020	\$ 3,469,573	3,434,877	3,573,660	0.45%
<b>Computer Systems Design and Related Services</b>									
Blue Coat Systems	First Lien Revolver	LIBOR (Q)	3.50%	1.00%	5/31/2018	\$ 4,500,000	3,540,000	4,060,800	0.51% L
Blue Coat Systems	Second Lien Term Loan	LIBOR (Q)	8.50%	1.00%	6/28/2020	\$ 15,000,000	14,878,125	15,300,000	1.94%
nX Enterprise Solutions, Ltd.	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 10,640,000	10,483,300	10,709,160	1.36%
nX USA, LLC	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 5,320,000	5,244,790	5,354,580	0.68%
ebSense, Inc.	Second Lien Term Loan	LIBOR (Q)	7.25%	1.00%	12/27/2020	\$ 7,200,000	7,164,000	7,218,000	0.91%
							41,310,215	42,642,540	5.40%
<b>Data Processing, Hosting, and Related Services</b>									
ne Telx Group, Inc.	Senior Unsecured Notes	Fixed	10% Cash + 2% PIK		9/26/2019	\$ 7,098,916	6,960,435	7,631,335	0.97% E
anda Sherman Power, LLC	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	9/14/2018	\$ 11,070,172	10,932,474	11,402,277	1.44%
anda Temple Power II, LLC	First Lien Term Loan	LIBOR (Q)	6.00%	1.25%	4/3/2019	\$ 5,892,970	5,834,041	6,069,759	0.77%
							16,766,515	17,472,036	2.21%
<b>Electrical Equipment and Component Manufacturing</b>									
alladium Energy, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	12/26/2027	\$ 16,500,317	16,225,541	16,426,066	2.08%
<b>Fabricated Metal Product Manufacturing</b>									
onstellation Enterprises, LLC	First Lien Notes	Fixed	10.625%		2/1/2016	\$ 12,500,000	12,322,875	10,875,000	1.38% E/G
<b>Financial Investment Activities</b>									



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arsico Capital Management	First Lien Term Loan	LIBOR (M)	5.00%		12/31/2022	\$ 10,637,623	13,394,183	3,882,732	0.49% K
<b>Freight Transportation Arrangement</b>									

vingston International, Inc. (Canada)	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/18/2020	\$ 3,665,217	3,597,620	3,756,848	0.48% J
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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Full-Service Restaurants</b>									
ARM Holdco, LLC	Subordinated Convertible Term Loan	Fixed	1.12% PIK		3/21/2018	\$ 5,164,796	\$ 5,164,796	\$ 2,197,621	0.28% B
ARM OpCo, LLC	Convertible Second Lien Term Loan		12% Cash + 7%						
	Tranche B-1	Fixed	PIK		3/21/2016	\$ 1,370,199	1,339,883	1,370,199	0.17% B
ARM OpCo, LLC	First Lien Term Loan								
	Tranche A	Fixed	11.00%		3/21/2016	\$ 3,626,947	3,626,947	3,626,947	0.46% B
ARM OpCo, LLC	Second Lien Term Loan		12% Cash + 7%						
	Tranche B	Fixed	PIK		3/21/2016	\$ 6,825,328	6,825,328	6,825,328	0.86% B
ARM OpCo, LLC	Second Lien Term Loan		12% Cash + 7%						
	Tranche B-1	Fixed	PIK		3/21/2016	\$ 2,150,088	2,109,019	2,150,088	0.27% B
							19,065,973	16,170,183	2.04%
<b>Gaming Industries</b>									
AP Gaming I, LLC	First Lien Term Loan	LIBOR							
	B	(Q)	8.25%	1.00%	12/20/2020	\$ 15,000,000	14,550,000	14,737,500	1.87%
<b>Grocery Stores</b>									
Bashas, Inc.	First Lien FILO Term Loan	LIBOR							
		(M)	9.35%	1.50%	12/28/2015	\$ 14,843,788	14,802,168	15,066,445	1.91%
<b>Inland Water Transportation</b>									
US Shipping Corp	First Lien Term Loan	LIBOR							
	B	(Q)	7.75%	1.25%	4/30/2018	\$ 12,603,333	12,477,300	12,965,679	1.64%
<b>Insurance Related Activities</b>									
Confie Seguros Holding II Co.	Second Lien Term Loan	LIBOR							
		(Q)	9.00%	1.25%	5/8/2019	\$ 6,341,809	6,245,733	6,391,370	0.81%

**Merchant Wholesalers**

Envision Acquisition Company, LLC	Second Lien Term Loan	LIBOR (Q)	8.75%	1.00%	11/4/2021	\$ 9,079,011	8,897,430	9,192,498	1.16%
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**Metal Ore Mining**

St Barbara Ltd. (Australia)	First Priority Senior Secured Notes	Fixed	8.875%		4/15/2018	\$ 7,359,000	7,326,651	6,144,765	0.78%E
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**Motion Picture and Video Industries**

CORE Entertainment, Inc.	First Lien Term Loan	Fixed	9.00%		6/21/2017	\$ 9,462,231	9,381,116	8,610,631	1.09%
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CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	13.50%		6/21/2018	\$ 7,569,785	7,502,054	6,858,225	0.88%
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16,883,170 15,468,856 1.97%

**Newspaper, Periodical, Book, and Directory Publishers**

Hanley-Wood, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.75%	1.25%	7/15/2018	\$ 16,707,600	16,707,600	16,699,246	2.13%
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MediMedia USA, Inc.	First Lien Revolver	LIBOR (M)	6.75%		5/20/2018	\$ 4,960,000	3,797,500	4,523,908	0.57%
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MediMedia USA, Inc.	First Lien Term Loan	LIBOR (M)	6.75%	1.25%	11/20/2018	\$ 9,701,250	9,433,029	9,458,719	1.20%
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29,938,129 30,681,873 3.90%

**Nondepository Credit Intermediation**

Caribbean Financial Group (Cayman Islands)	Senior Secured Notes	Fixed	11.50%		11/15/2019	\$ 10,000,000	9,824,072	10,700,000	1.35%E
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Trade Finance Funding I, Ltd. (Cayman Islands)	Secured Class B Notes	Fixed	10.75%		11/13/2018	\$ 15,000,000	15,000,000	14,962,500	1.90%E/J
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24,824,072 25,662,500 3.25%

**Nonresidential Building Construction**

NCM Group Holdings, LLC	First Lien Term Loan	LIBOR (Q)	11.50%	1.00%	8/29/2018	\$ 10,000,000	9,620,619	9,875,000	1.25%
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**Nonscheduled Air Transportation**

One Sky Flight, LLC	Second Lien Term Loan	Fixed	12% Cash +3% PIK		5/4/2019	\$ 18,200,000	16,929,086	17,708,600	2.24%
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**Oil and Gas Extraction**

Willbros Group, Inc.	First Lien Term Loan	LIBOR (Q)	9.75%	1.25%	8/7/2019	\$ 15,426,118	15,051,713	15,657,510	1.98%
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**Other Telecommunications**

Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/30/2021	\$ 14,000,000	13,860,000	13,925,660	1.76%
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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Petroleum and Coal Products Manufacturing</b>									
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	9.50%	1.50%	10/11/2017	\$ 7,749,023	\$ 7,563,978	\$ 7,477,807	0.95%
<b>Plastics Products Manufacturing</b>									
Iracore International, Inc.	Senior Secured Notes	Fixed	9.50%		6/1/2018	\$ 13,600,000	13,600,000	14,426,622	1.83% E
<b>Professional, Scientific, and Technical Services</b>									
Connolly, LLC	Second Lien Term Loan	LIBOR (Q)	9.25%	1.25%	7/15/2019	\$ 12,000,000	11,829,534	12,270,000	1.55%
ConvergeOne Holdings	First Lien Term Loan	LIBOR (Q)	8.00%	1.25%	5/8/2019	\$ 12,654,643	12,464,823	12,570,236	1.59%
							24,294,357	24,840,236	3.14%
<b>Promoters of Performing Arts, Sports, and Similar Events</b>									
Stadium Management Group	Second Lien Term Loan	LIBOR (M)	9.50%	1.25%	12/7/2018	\$ 11,000,000	10,817,390	11,055,000	1.40%
<b>Radio and Television Broadcasting</b>									
SiTV, Inc.	First Lien Term Loan	LIBOR (Q)	6% Cash + 4% PIK	2.00%	8/3/2016	\$ 6,995,124	6,648,634	6,774,778	0.86%
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	8.50%		5/29/2017	\$ 17,589,459	17,134,705	17,615,843	2.23%
							23,783,339	24,390,621	3.09%
<b>Retail</b>									
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	10.40%	1.00%	9/25/2017	\$ 11,272,727	11,051,496	11,329,090	1.44%
Shopzilla, Inc.			9.50%		3/31/2016	\$ 6,710,057	6,525,027	6,683,216	0.85%

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Second  
Lien Term  
Loan LIBOR  
(Q)

17,576,523 18,012,306 2.29%

**Satellite Telecommunications**

Avanti Communications Group, PLC (United Kingdom)	Senior Secured Notes	Fixed	10.00%	10/1/2019	\$ 9,914,000	9,914,000	10,335,345	1.31% E/H/J
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**Scheduled Air Transportation**

Aircraft Leased to Delta Air Lines, Inc.								
N913DL	Aircraft Secured Mortgage	Fixed	8.00%	3/15/2017	\$ 289,048	289,048	296,820	0.04% F
N918DL	Aircraft Secured Mortgage	Fixed	8.00%	8/15/2018	\$ 388,001	388,001	397,290	0.05% F
N954DL	Aircraft Secured Mortgage	Fixed	8.00%	3/20/2019	\$ 514,375	514,375	524,620	0.07% F
N955DL	Aircraft Secured Mortgage	Fixed	8.00%	6/20/2019	\$ 533,283	533,283	543,320	0.07% F
N956DL	Aircraft Secured Mortgage	Fixed	8.00%	5/20/2019	\$ 532,275	532,275	542,640	0.07% F
N957DL	Aircraft Secured Mortgage	Fixed	8.00%	6/20/2019	\$ 537,947	537,947	548,250	0.07% F
N959DL	Aircraft Secured Mortgage	Fixed	8.00%	7/20/2019	\$ 543,573	543,573	553,520	0.07% F
N960DL	Aircraft Secured Mortgage	Fixed	8.00%	10/20/2019	\$ 564,855	564,855	574,430	0.07% F
N961DL	Aircraft Secured Mortgage	Fixed	8.00%	8/20/2019	\$ 558,427	558,427	568,310	0.07% F
N976DL	Aircraft Secured Mortgage	Fixed	8.00%	2/15/2018	\$ 394,360	394,360	404,600	0.05% F
Aircraft Leased to United Airlines, Inc.								
N510UA		Fixed	20.00%	10/26/2016	\$ 328,848	328,848	404,605	0.05% B

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	Aircraft Secured Mortgage								
N512UA	Aircraft Secured Mortgage	Fixed	20.00%	10/26/2016	\$ 334,535	334,535	414,010	0.05%	B
N536UA	Aircraft Secured Mortgage	Fixed	16.00%	9/29/2014	\$ 108,845	108,845	114,000	0.01%	B
N545UA	Aircraft Secured Mortgage	Fixed	16.00%	8/29/2015	\$ 249,695	249,695	275,405	0.03%	B
N585UA	Aircraft Secured Mortgage	Fixed	20.00%	10/25/2016	\$ 392,794	392,794	486,115	0.06%	B
N659UA	Aircraft Secured Mortgage	Fixed	12.00%	2/28/2016	\$ 2,708,150	2,708,150	2,948,986	0.37%	F
N661UA	Aircraft Secured Mortgage	Fixed	12.00%	5/4/2016	\$ 2,880,186	2,880,186	3,171,026	0.40%	F
						11,859,197	12,767,947	1.60%	
<b>Scientific Research and Development Services</b>									
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	12.25%	4/1/2017	\$ 17,200,000	16,536,295	17,630,000	2.23%	E
<b>Semiconductor and Other Electronic Component Manufacturing</b>									
Isola USA Corporation	Senior Secured Term Loan B	LIBOR (Q)	8.25%	1.00%	11/29/2018	\$ 14,583,333	14,366,560	14,729,167	1.87%
<b>Software Publishers</b>									
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	Cash + 7.6% PIK	1.50%	9/25/2018	\$ 12,579,747	11,811,044	12,183,485	1.56%
Coreone Technologies, LLC	First Lien Term Loan	LIBOR (Q)	Cash + 5% PIK	1.00%	9/14/2018	\$ 13,556,801	13,243,533	13,455,125	1.72%
Deltek, Inc.	Second Lien Term Loan	LIBOR (Q)	8.75%	1.25%	10/10/2019	\$ 15,000,000	14,805,253	15,300,000	1.94%
Edmentum, Inc.	Second Lien Term Loan	LIBOR (Q)	9.75%	1.50%	5/17/2019	\$ 15,000,000	14,748,486	15,112,500	1.91%

54,608,316 56,051,110 7.13%

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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Suer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b>Debt Investments (continued)</b>										
<b>Specialty Hospitals</b>										
BC Healthcare Analytics, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	7/1/2018	\$ 5,526,021	\$ 5,498,391	\$ 5,559,177	0.70%	
Advantage Oncology, LLC	Senior Secured Notes	Fixed	9.50%		6/15/2017	\$ 5,000,000	5,000,000	5,137,500	0.65%	E
							10,498,391	10,696,677	1.35%	
<b>Structured Note Funds</b>										
Magnolia Finance plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	13.125%		8/2/2021	\$ 15,000,000	15,000,000	15,000,000	1.90%	E/J
<b>Textile Furnishings Mills</b>										
Exmark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	10.00%	1.00%	9/30/2018	\$ 16,351,467	15,942,680	16,392,346	2.08%	
<b>Wired Telecommunications Carriers</b>										
Integra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	8.50%	1.25%	2/22/2020	\$ 15,000,000	14,701,027	15,459,375	1.96%	
<b>Wireless Telecommunications Carriers</b>										
Alpheus Communications, LLC	First Lien Delayed FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$	(11,183)	(8,437)		M
Alpheus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 8,248,124	8,166,127	8,186,263	1.04%	
Globalive Wireless Management Corp. (Canada)	First Lien Term Loan	LIBOR (Q)	10.90%		4/30/2014	\$ 3,037,292	2,933,872	3,067,665	0.39%	J
Logo, LLC	First Lien Term Loan	LIBOR (Q)	9.75%	1.50%	6/21/2017	\$ 19,587,428	18,707,700	21,252,360	2.69%	
							29,796,516	32,497,851	4.12%	

<b>Total Debt</b>			
<b>Investments</b>	720,651,321	726,514,593	92.05%

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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref Spread	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b>Equity Securities</b>								
<b>Architectural, Engineering, and Related Services</b>								
ESP Holdings, Inc.	Cumulative Preferred 15%			20,297	\$ 2,249,930	\$ 3,947,862	0.51%	B/C/E
ESP Holdings, Inc., Common Stock	Common Stock			88,670	9,311,782	2,856,346	0.36%	B/C/E
					11,561,712	6,804,208	0.87%	
<b>Business Support Services</b>								
STG-Fairway Holdings	Class A Units			841,479	1,174,225	1,722,508	0.22%	C/E
Wasserstein Cosmos Co-Invest, L.P.	Limited Partnership Units			5,000,000	5,000,000	5,000,000	0.64%	B/C/E
					6,174,225	6,722,508	0.86%	
<b>Data Processing, Hosting, and Related Services</b>								
Anacomp, Inc.	Class A Common Stock			1,255,527	26,711,048	1,004,422	0.13%	B/C/E
<b>Depository Credit Intermediation</b>								
Doral Financial Corporation	Common Stock			53,890	11,699,417	843,913	0.11%	C/L
<b>Financial Investment Activities</b>								
Marsico Holdings, LLC	Common Interest Units			168,698	172,694	4,302		C/E/K
<b>Full-Service Restaurants</b>								
RM Holdco, LLC	Membership Units			13,161,000	2,010,777			B/C/E
<b>Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing</b>								

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Precision Holdings, LLC	Class C Membership Interests	33	41,645	0.01% C/E
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**Nonmetallic Mineral Mining and Quarrying**

EPMC HoldCo, LLC	Membership Units	1,312,720	1,562,137	0.20% B/E
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**Nonscheduled Air Transportation**

Flight Options Holdings I, Inc.	Warrants to Purchase Common Stock	1,843	1,274,000	1,268,904	0.16% C/E
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**Radio and Television Broadcasting**

SiTV, Inc.	Warrants to Purchase Common Stock	233,470	300,322	354,874	0.04% C/E
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**Retail**

Shop Holding, LLC	Class A Unit	490,037	462,576	532,919	0.07% C/E
Shop Holding, LLC	Warrants to Purchase Class A Unit	326,691		38,258	C/E

462,576 571,177 0.07%

**Scheduled Air Transportation**

Aircraft Leased to Delta Air Lines, Inc.					
N913DL	Trust Beneficial Interests	727	97,376	125,970	0.02% E/F
N918DL	Trust Beneficial Interests	623	109,938	142,970	0.02% E/F
N954DL	Trust Beneficial Interests	591	133,027	68,000	0.01% E/F
N955DL	Trust Beneficial Interests	576	133,868	113,560	0.01% E/F
N956DL	Trust Beneficial Interests	580	133,907	108,800	0.01% E/F
N957DL	Trust Beneficial Interests	576	134,785	109,650	0.01% E/F

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N959DL	Trust Beneficial Interests	573	135,658	110,500	0.01% E/F
N960DL	Trust Beneficial Interests	563	139,173	109,650	0.01% E/F
N961DL	Trust Beneficial Interests	570	138,350	103,870	0.01% E/F
N976DL	Trust Beneficial Interests	654	113,413	103,033	0.01% E/F
Aircraft Leased to United Airlines, Inc.					
N510UA	Trust Beneficial Interests	54	197,409	465,625	0.06% B/E
N512UA	Trust Beneficial Interests	53	193,046	458,277	0.06% B/E
N536UA	Trust Beneficial Interests	81	396,289	656,766	0.08% B/E
N545UA	Trust Beneficial Interests	67	348,071	641,840	0.08% B/E
N585UA	Trust Beneficial Interests	53	214,737	571,706	0.07% B/E
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	412	2,097,640	2,840,323	0.36% E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	400	2,066,062	2,852,677	0.36% E/F
			6,782,749	9,583,217	1.19%

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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Spread	Floor	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b>Equity Securities (continued)</b>										
<b>Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing</b>										
KAGY Holding Company, Inc.	Series A Preferred Stock					9,778	\$ 1,091,200	\$ 662,134	0.08%	B/C/E
<b>Semiconductor and Other Electronic Component Manufacturing</b>										
AIP/IS Holdings, LLC	Membership Units					352		229,504	0.03%	C/E
<b>Software Publishers</b>										
SLS Breeze Intermediate Holdings, Inc.	Warrants to Purchase Common Stock					1,232,731	522,678	561,632	0.07%	C/E
<b>Wired Telecommunications Carriers</b>										
Integra Telecom, Inc.	Common Stock					1,274,522	8,433,884	5,583,686	0.72%	C/E
Integra Telecom, Inc.	Warrants					346,939	19,920	194,050	0.02%	C/E
V Telecom Investment S.C.A (Luxembourg)	Common Shares					1,393	3,236,256	3,756,053	0.48%	C/D/E/J
							11,690,060	9,533,789	1.22%	
<b>Total Equity Securities</b>							80,453,458	39,748,366	5.04%	
<b>Total Investments</b>							801,104,779	766,262,959		

**Cash and Cash Equivalents**

Wells Fargo & Company	Overnight Repurchase Agreement	Fixed	0.09%	1/2/2014	10,501,688	1.33%
Union Bank of California	Commercial Paper	Fixed	0.10%	1/2/2014	8,499,976	1.07%
Cash Denominated in Foreign Currencies					121,389	0.02%
Cash Held on Account at Various Institutions					3,861,129	0.49%
<b>Cash and Cash Equivalents</b>					22,984,182	2.91%
<b>Total Cash and Investments</b>					\$ 789,247,141	100.00% <sup>I</sup>

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*Notes to Consolidated Statement of Investments:*

- (A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.
- (B) Non-controlled affiliate as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.
- (C) Non-income producing security.
- (D) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)
- (E) Restricted security. (See Note 2)
- (F)

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Controlled issuer as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% owned nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.

- (G) Investment has been segregated to collateralize certain unfunded commitments.
- (H) \$2,000,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.
- (I) All cash and investments, except those referenced in Notes G and H above, are pledged as collateral under the Revolving Facilities as described in Note 4 to the Consolidated Financial Statements.
- (J) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (K) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (L) Publicly traded company with a market capitalization greater than \$250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (M) Negative balances relate to an unfunded commitment that was acquired at a discount.

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## TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

## Showing Percentage of Total Cash and Investments of the Company

LIBOR or EURIBOR resets monthly (M), quarterly (Q), or semiannually (S).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$471,087,319, and \$235,641,665, respectively for the year ended December 31, 2013. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of December 31, 2013 was \$765,419,046, or 97.0% of total cash and investments of the Company.

Options and Swaps at December 31, 2013 were as follows:

<b>Investment</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$ 14,139
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/17	\$ 4,289,019	\$ (331,183)

*See accompanying notes.*

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## TCP Capital Corp.

## Consolidated Statements of Operations (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
<b>Investment income</b>				
Interest income:				
Companies less than 5% owned	\$ 24,699,976	\$ 14,257,066	\$ 65,174,101	\$ 41,745,035
Companies 5% to 25% owned	1,728,834	1,938,950	4,423,013	4,035,115
Companies more than 25% owned	214,091	293,711	706,553	936,296
Dividend income:				
Companies 5% to 25% owned			1,968,748	
Other income:				
Companies less than 5% owned	210,622	529,011	1,164,938	1,105,959
Companies 5% to 25% owned	74,038	85,983	282,581	305,739
Companies more than 25% owned	262,905	183,650	726,477	495,165
Total investment income	27,190,466	17,288,371	74,446,411	48,623,309
<b>Operating expenses</b>				
Management and advisory fees	3,513,238	2,205,517	9,504,317	6,110,550
Interest expense	2,535,555	340,711	4,012,167	663,820
Amortization of deferred debt issuance costs	545,294	218,764	1,347,442	470,242
Administrative expenses	392,794	256,806	1,029,069	592,422
Legal fees, professional fees and due diligence expenses	268,710	188,284	828,102	489,488
Commitment fees	243,147	85,749	650,209	146,843
Director fees	88,395	76,478	255,776	220,288
Insurance expense	83,996	55,020	202,823	133,816
Custody fees	54,369	45,776	166,025	105,427
Other operating expenses	264,778	227,287	1,033,422	644,793
Total operating expenses	7,990,276	3,700,392	19,029,352	9,577,689
<b>Net investment income</b>	19,200,190	13,587,979	55,417,059	39,045,620
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>				
Net realized gain (loss):				
Investments in companies less than 5% owned	544,212	804,482	(5,317,388)	(2,773,020)
Investments in companies 5% to 25% owned	383,670		383,670	
Net realized gain (loss)	927,882	804,482	(4,933,718)	(2,773,020)
	(5,433,060)	2,132,565	2,596,620	8,723,819

<b>Net change in net unrealized appreciation/depreciation</b>				
Net realized and unrealized gain (loss)	(4,505,178)	2,937,047	(2,337,098)	5,950,799
Dividends on Series A preferred equity facility	(357,451)	(364,043)	(1,083,263)	(1,131,014)
Net change in accumulated dividends on Series A preferred equity facility	(4,718)	(23,939)	5,394	(7,928)
<b>Distributions of incentive allocation to the General Partner from:</b>				
Net investment income	(3,767,604)	(2,639,999)	(10,867,837)	(7,581,335)
Net realized gains		(54,157)		(312,598)
Net change in reserve for incentive allocation	901,035	(533,253)	467,419	(877,563)
<b>Net increase in net assets applicable to common shareholders resulting from operations</b>	<b>\$ 11,466,274</b>	<b>\$ 12,909,635</b>	<b>\$ 41,601,674</b>	<b>\$ 35,085,981</b>
<b>Basic and diluted earnings per common share</b>	<b>\$ 0.29</b>	<b>\$ 0.48</b>	<b>\$ 1.11</b>	<b>\$ 1.47</b>
<b>Basic and diluted weighted average common shares outstanding</b>	<b>40,079,914</b>	<b>26,654,702</b>	<b>37,507,497</b>	<b>23,942,996</b>

*See accompanying notes.*

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## TCP Capital Corp.

## Consolidated Statements of Changes in Net Assets

	Common Stock			Paid in	Accumulated	Accumulated	Accumulated	Total
	Shares	Par Amount	Capital in Excess of Par	Net Investment Income	Net Realized Losses	Net Unrealized Depreciation	Non-controlling Interest	Net Assets
Balance at December 31, 2012	21,477,628	\$ 21,478	\$ 444,234,060	\$ 22,526,179	\$ (59,023,861)	\$ (91,770,306)		\$ 315,987,550
Issuance of common stock in public offering, net	14,720,000	14,720	224,548,170					224,562,890
Issuance of common stock from dividend reinvestment plan	2,288	2	37,414					37,416
Net investment income				54,330,262				54,330,262
Realized and unrealized gains (losses)					(47,384,746)	56,456,107		9,071,361
Dividends on Series A preferred equity facility				(1,494,552)				(1,494,552)
General Partner incentive allocation				(10,567,142)	(645,691)		(1,168,583)	(12,381,416)
Dividends paid to common shareholders				(40,502,256)				(40,502,256)
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles			(977,624)	(276,396)	1,254,020			

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Balance at December 31, 2013	36,199,916	\$ 36,200	\$ 667,842,020	\$ 24,016,095	\$ (105,800,278)	\$ (35,314,199)	\$ (1,168,583)	\$ 549,611,255
Issuance of common stock in public offering, net	6,210,000	6,210	103,934,511					103,940,721
Issuance of common stock from dividend reinvestment plan	326		5,509					5,509
Issuance of convertible debt			2,515,594					2,515,594
Net investment income				55,417,059				55,417,059
Realized and unrealized gains (losses)					(4,933,718)	2,596,620		(2,337,098)
Dividends on Series A preferred equity facility				(1,077,869)				(1,077,869)
General Partner incentive allocation				(10,867,837)		467,419		(10,400,418)
Dividends paid to common shareholders				(43,141,625)				(43,141,625)
Balance at September 30, 2014	42,410,242	\$ 42,410	\$ 774,297,634	\$ 24,345,823	\$ (110,733,996)	\$ (32,717,579)	\$ (701,164)	\$ 654,533,128

See accompanying notes.

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## TCP Capital Corp.

## Consolidated Statements of Cash Flows (Unaudited)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Net increase in net assets applicable to common shareholders resulting from operations	\$ 41,601,674	\$ 35,085,981
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash used in operating activities:		
Net realized loss	4,933,718	2,773,020
Net change in unrealized appreciation/depreciation of investments	(2,614,461)	(8,675,023)
Dividends paid on Series A preferred equity facility	1,083,263	1,131,014
Net change in accumulated dividends on Series A preferred equity facility	(5,394)	7,928
Net change in reserve for incentive allocation	(467,419)	877,563
Accretion of original issue discount on investments	(3,044,889)	(1,703,018)
Net accretion of market discount/premium	(1,152,021)	(674,077)
Accretion of original issue discount on convertible debt	114,671	
Interest and dividend income paid in kind	(4,366,287)	(1,248,459)
Amortization of deferred debt issuance costs	1,347,442	470,242
Changes in assets and liabilities:		
Purchases of investment securities	(481,674,735)	(353,293,497)
Proceeds from sales, maturities and paydowns of investments	177,994,806	176,516,172
Increase in accrued interest income companies less than 5% owned	(3,394,734)	(2,346,218)
Increase in accrued interest income companies 5% to 25% owned	(235,265)	(321,152)
Decrease in accrued interest income companies more than 25% owned	9,790	8,749
Decrease in receivable for investments sold	3,605,964	6,439,614
Increase in prepaid expenses and other assets	(991,312)	(371,259)
Increase (decrease) in payable for investments purchased	(13,456,911)	15,103,635
Increase (decrease) in payable to the Investment Manager	(709,816)	171,251
Increase in interest payable	2,051,097	170,674
Increase in incentive allocation payable	448,704	2,694,156
Decrease in accrued expenses and other liabilities	(273,166)	(526,520)
<b>Net cash used in operating activities</b>	<b>(279,195,281)</b>	<b>(127,709,224)</b>
<b>Financing activities</b>		
Borrowings	519,500,000	191,000,000
Repayments of debt	(293,000,000)	(115,000,000)
Payments of debt issuance costs	(5,866,168)	(3,058,502)
Dividends paid on Series A preferred equity facility	(1,083,263)	(1,131,014)
Dividends paid to common shareholders	(43,141,625)	(27,782,087)
Proceeds from shares issued in connection with dividend reinvestment plan	5,509	35,507
Proceeds from common shares sold, net of underwriting and offering costs	103,940,721	78,176,790

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Net cash provided by financing activities	280,355,174	122,240,694
Net increase (decrease) in cash and cash equivalents	1,159,893	(5,468,530)
Cash and cash equivalents at beginning of period	22,984,182	18,035,189
Cash and cash equivalents at end of period	\$ 24,144,075	\$ 12,566,659

**Supplemental cash flow information**

Interest payments	\$ 1,846,399	\$ 493,146
Excise tax payments	938,460	969,946

*See accompanying notes.*

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**TCP Capital Corp.**

**Notes to Consolidated Financial Statements (Unaudited)**

**September 30, 2014**

**1. Organization and Nature of Operations**

TCP Capital Corp. (the "Company") is a Delaware corporation formed on April 2, 2012 as an externally managed, closed-end, non-diversified management investment company. The Company elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). The Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. The Company invests primarily in the debt of middle-market companies as well as small businesses, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, the Company may make equity investments directly.

Investment operations are conducted in Special Value Continuation Partners, LP, a Delaware limited partnership (the "Partnership"), of which the Company owns 100% of the common limited partner interests, or in one of the Partnership's wholly owned subsidiaries, TCPC Funding I, LLC, a Delaware limited liability company ("TCPC Funding") and TCPC SBIC, LP, a Delaware limited partnership (the "SBIC"). The Partnership has also elected to be treated as a BDC under the 1940 Act. The SBIC was organized in June 2013, and on April 22, 2014, received a license from the United States Small Business Administration (the "SBA") to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958. These consolidated financial statements include the accounts of the Company, the Partnership, TCPC Funding and the SBIC. All significant intercompany transactions and balances have been eliminated in the consolidation.

The Company has elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes. As a RIC, the Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Partnership, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes.

The general partner of the Partnership is SVOF/MM, LLC, which also serves as the administrator of the Company and the Partnership (the "Administrator" or the "General Partner"). The managing member of the General Partner is Tennenbaum Capital Partners, LLC (the "Advisor"), which serves as the Investment Manager to the Company, the Partnership, TCPC Funding, and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

Company management consists of the Investment Manager and the Board of Directors. Partnership management consists of the General Partner and the Board of Directors. The Investment Manager and the General Partner direct and execute the day-to-day operations of the Company and the Partnership, respectively, subject to oversight from the respective Board of Directors, which sets the broad policies of the Company and performs certain functions required by the 1940 Act in the case of the Partnership.

The Board of Directors of the Partnership has delegated investment management of the Partnership's assets to the Investment Manager. Each Board of Directors consists of five persons, three of whom are independent. If the Company or the Partnership has preferred equity interests outstanding, as the Partnership currently does, the holders of the preferred interests voting separately as a class are entitled to elect two of the Directors. The remaining



**TCP Capital Corp.**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**1. Organization and Nature of Operations (continued)**

directors will be subject to election by holders of the common shares and preferred interests voting together as a single class.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The following is a summary of the significant accounting policies of the Company and the Partnership.

***Use of Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and differences could be material.

***Investment Valuation***

The Company's investments are generally held by the Partnership, TCPC Funding, or the SBIC. Management values investments at fair value based upon the principles and methods of valuation set forth in policies adopted by the Partnership's Board of Directors and in conformity with procedures set forth in the Revolving Facilities and the statement of preferences for the Preferred Interests, as defined in Note 4, below. Fair value is generally defined as the amount for which an investment would be sold in an orderly transaction between market participants at the measurement date.

All investments are valued at least quarterly based on affirmative pricing or quotations from independent third-party sources, with the exception of investments priced directly by the Investment Manager which together comprise, in total, less than 5% of the capitalization of the Partnership. Investments listed on a recognized exchange or market quotation system, whether U.S. or foreign, are valued for financial reporting purposes as of the last business day of the reporting period using the closing price on the date of valuation. Liquid investments not listed on a recognized exchange or market quotation system are valued using prices provided by a nationally recognized pricing service or by using quotations from broker-dealers. Investments not priced by a pricing service or for which market quotations are either not readily available or are determined to be unreliable are valued using affirmative valuations performed by independent valuation services or, for investments aggregating less than 5% of the total capitalization of the Partnership, directly by the Investment Manager.

Fair valuations of investments are determined under our documented valuation policy that has been reviewed and approved by the Boards of Directors of the Company and the Partnership, and are subject to their approval in good faith. Generally, to increase objectivity in valuing the investments, the Investment Manager will utilize external measures of value,

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

such as public markets or third-party transactions, whenever possible. The Investment Manager's valuation is not based on long-term work-out value, immediate liquidation value, nor incremental value for potential changes that may take place in the future. The values assigned to investments that are valued by the Investment Manager are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. The foregoing policies apply to all investments, including those in companies and groups of affiliated companies aggregating more than 5% of the Company's assets.

Fair valuations of investments in each asset class are determined using one or more methodologies including the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that may be taken into account include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market and enterprise values, among other factors.

Unobservable inputs used in the fair value measurement of Level 3 investments as of September 30, 2014 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	\$ 508,251,512	Market rate approach	Market yields	3.8% - 18.9%
			Indicative bid/ask	(11.2%)
	213,520,856	Market quotations	quotes	1 - 3 (1)
	14,692,216	Market comparable companies	Revenue multiples	0.4x (0.4x)
	2,298,418	Market comparable companies	EBITDA multiples	7.8x (7.8x)
Other Corporate Debt			Market yields	19.0% (19.0%)
			Indicative bid/ask	
	43,816,750	Market quotations	quotes	1 (1)
	12,969,876	Market comparable companies	EBITDA multiples	7.8x - 10.5x (8.7x)
Equity			Market yields	13.0% - 18.0%
	7,902,239	Market rate approach	Indicative bid/ask	(13.7%)
	5,648,331	Market quotations	quotes	1 - 2 (1)
	878,869	Market comparable companies	Revenue multiples	0.4x - 1.1x (1.1x)
	18,864,816	Market comparable companies	EBITDA multiples	4.6x - 7.0x (6.3x)

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

Generally, a change in an unobservable input may result in a change to the value of an investment as follows:

<b>Input</b>	<b>Impact to Value if Input Increases</b>	<b>Impact to Value if Input Decreases</b>
Market yields	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

Investments may be categorized based on the types of inputs used in valuing such investments. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Transfers between levels are recognized as of the beginning of the reporting period.

At September 30, 2014, the Company's investments were categorized as follows:

<b>Level</b>	<b>Basis for Determining Fair Value</b>	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
1	Quoted prices in active markets for identical assets	\$	\$	\$ 357,828
2	Other observable market inputs *	175,519,217	70,010,500	
3	Independent third-party pricing sources that employ significant unobservable inputs	738,763,002	52,520,425	32,003,559
3	Investment Manager valuations with significant unobservable inputs		4,332,100	1,290,696
<b>Total</b>		<b>\$ 914,282,219</b>	<b>\$ 126,863,025</b>	<b>\$ 33,652,083</b>

\*

For example, quoted prices in inactive markets or quotes for comparable investments.

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

Changes in investments categorized as Level 3 during the nine months ended September 30, 2014 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$ 515,953,643	\$ 53,334,634	\$ 36,066,746
Net realized and unrealized gains (losses)	47,146	(14,913)	(1,335,910)
Acquisitions	424,280,318	174,943	5,882,955
Dispositions	(115,964,311)	(22,549,239)	(10,046,998)
Transfers out of Level 3	(89,614,594)		
Transfers into Level 3	4,060,800	21,575,000	
Reclassifications within Level 3 §			1,436,766
Ending balance	\$ 738,763,002	\$ 52,520,425	\$ 32,003,559
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ 1,089,298	\$ 1,005,398	\$ (1,075,632)

Comprised of nine investments that transferred to Level 2 due to increased observable market activity.

Comprised of two investments that transferred from Level 2 due to reduced trading volumes.

§

Comprised of two investments that reclassified from Investment Manager Valuation and one that reclassified to Investment Manager Valuation.

	Investment Manager Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$ 4,060,800	\$ 7,631,335	\$ 2,837,707
Net realized and unrealized losses		(504,281)	(313,703)
Acquisitions		4,303,962	230,937
Dispositions	(4,060,800)	(7,098,916)	(27,479)
Reclassifications within Level 3 **			(1,436,766)
Ending balance	\$	\$ 4,332,100	\$ 1,290,696
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$	\$ 166,619	\$ (341,183)

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\*\*

Comprised of two investments that reclassified to Independent Third-Party Valuation and one that reclassified from Independent Third-Party Valuation.

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2014.

At September 30, 2013, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	\$	\$	\$ 1,028,216
2	Other observable market inputs *	100,098,095	70,698,908	
3	Independent third-party pricing sources that employ significant unobservable inputs	448,827,207	38,174,605	34,757,266
3	Investment Manager valuations with significant unobservable inputs		7,628,686	2,882,504
<b>Total</b>		<b>\$ 548,925,302</b>	<b>\$ 116,502,199</b>	<b>\$ 38,667,986</b>

\*

For example, quoted prices in inactive markets or quotes for comparable investments.

Changes in investments categorized as Level 3 during the nine months ended September 30, 2013 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$ 359,343,326	\$ 17,171,637	\$ 32,675,370
Net realized and unrealized gains (losses)	(1,062,389)	7,520,997	(3,573,701)
Acquisitions	215,773,748	22,962,665	11,023,992
Dispositions	(100,185,011)	(15,172,634)	(3,215,534)
Transfers out of Level 3	(58,651,283)	(10,300,000)	
Transfers into Level 3	33,608,816	15,991,940	
Reclassifications within Level 3 §			(2,152,861)
Ending balance	\$ 448,827,207	\$ 38,174,605	\$ 34,757,266
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ (740,697)	\$ 1,570,023	\$ (2,724,223)

Comprised of nine investments that transferred to Level 2 due to increased observable market activity.

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Comprised of five investments that transferred from Level 2 due to reduced trading volumes.

§

Comprised of one investment that was reclassified to Investment Manager Valuation.

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

	Investment Manager Valuation		
	Bank	Other	Equity
	Debt	Corporate	Securities
		Debt	
Beginning balance	\$	\$ 7,167,458	\$ 1,424,764
Net realized and unrealized gains (losses)		356,327	(607,055)
Acquisitions		104,901	
Dispositions			(88,066)
Reclassifications within Level 3 §			2,152,861
Ending balance	\$	\$ 7,628,686	\$ 2,882,504
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$	\$ 356,327	\$ (607,055)

§

Comprised of one investment that was reclassified from Independent Third-Party Valuation.

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2013.

**Investment Transactions**

Investment transactions are recorded on the trade date, except for private transactions that have conditions to closing, which are recorded on the closing date. The cost of investments purchased is based upon the purchase price plus those professional fees which are specifically identifiable to the investment transaction. Realized gains and losses on investments are recorded based on the identification method, which typically allocates the highest cost inventory to the basis of investments sold.

**Cash and Cash Equivalents**

Cash consists of amounts held in accounts with brokerage firms and the custodian bank. Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

**Repurchase Agreements**

In connection with transactions in repurchase agreements, it is the Company's policy that the custodian take possession of the underlying collateral, the fair value of which is required to exceed the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

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**TCP Capital Corp.**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (continued)**

***Restricted Investments***

The Company may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted investments is included at the end of the Consolidated Statement of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

***Foreign Investments***

The Company may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency denominated investments comprised approximately 1.8% and 2.7% of total investments at September 30, 2014 and December 31, 2013, respectively. Such positions were converted at the respective closing rate in effect at September 30, 2014 and December 31, 2013 and reported in U.S. dollars. Purchases and sales of investments and income and expense items denominated in foreign currencies, when they occur, are translated into U.S. dollars on the respective dates of such transactions. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

Investments in foreign companies and securities of foreign governments may involve special risks and considerations not typically associated with investing in U.S. companies and securities of the U.S. government. These risks include, among other things, revaluation of currencies, less reliable information about issuers, different transaction clearance and settlement practices, and potential future adverse political and economic developments. Moreover, investments in foreign companies and securities of foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the U.S. government.

***Derivatives***

In order to mitigate certain currency exchange and interest rate risks, the Partnership has entered into certain swap and option transactions. All derivatives are recognized as either assets or liabilities in the Consolidated Statement of Assets and Liabilities. The transactions entered into are accounted for using the mark-to-market method with the resulting change in fair value recognized in earnings for the current period. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in interest rates and the value of foreign currency relative to the U.S. dollar.

The Partnership did not enter into any new derivative transactions during the nine months ended September 30, 2014. At September 30, 2014, the Partnership held an interest rate cap with a notional amount of \$25,000,000 and a cross currency basis swap with a notional amount of \$4,289,019. Gains and losses from derivatives during the nine months ended

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

September 30, 2014 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swaps	\$	\$ 1,402,313
Interest rate cap		(12,812)

During the nine months ended September 30, 2013, TCPC Funding purchased an interest rate cap with a notional amount of \$25,000,000 and continued to hold a cross currency basis swap with a notional amount of \$6,040,944. Gains and losses from derivatives during the nine months ended September 30, 2013 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swaps	\$	\$ (126,670)
Interest rate cap		(32,598)

Valuations of derivatives held at September 30, 2014 and September 30, 2013 were determined using observable market inputs other than quoted prices in active markets for identical assets and, accordingly, are classified as Level 2 in the GAAP valuation hierarchy.

**Debt Issuance Costs**

Costs of approximately \$3.5 million and \$1.5 million were incurred during 2006 and 2013 in connection with placing and extending the Partnership's revolving credit facility (see Note 4), respectively. Costs of approximately \$1.6 million and \$1.3 million were incurred during 2013 and 2014 in connection with placing and extending TCPC Funding's revolving credit facility (see Note 4), respectively. Costs of approximately \$3.4 million were incurred in June 2014 in connection with placing the Company's unsecured convertible notes (see Note 4). These costs were deferred and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Company or the Partnership.

**Revenue Recognition**

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income received upon the early repayment of a loan or debt security are included in interest income.

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 2. Summary of Significant Accounting Policies (continued)

Certain debt investments are purchased at a considerable discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. GAAP generally requires that discounts on the acquisition of corporate bonds, municipal bonds and treasury bonds be amortized using the effective-interest or constant-yield method. GAAP also requires the collectability of interest to be considered when making accruals. Accordingly, when accounting for purchase discounts, discount accretion income is recognized when it is probable that such amounts will be collected, generally at disposition. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

*Income Taxes*

The Company intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. Accordingly, no provision for income taxes is required in the consolidated financial statements. The income or loss of the Partnership, TCPC Funding and the SBIC is reported in the respective partners' income tax returns. In accordance with ASC Topic 740 *Income Taxes*, the Company recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. As of September 30, 2014, all tax years of the Company, the Partnership, TCPC Funding and the SBIC since January 1, 2010 remain subject to examination by federal tax authorities. No such examinations are currently pending.

Cost and unrealized appreciation and depreciation of the Partnership's investments (including derivatives) for U.S. federal income tax purposes at September 30, 2014 were as follows:

Unrealized appreciation	\$ 32,760,177
Unrealized depreciation	(65,356,343)

Net unrealized depreciation	(32,596,166)
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Cost	\$ 1,108,465,950
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## 3. Management Fees, Incentive Compensation and Other Expenses

The Company's management fee is calculated at an annual rate of 1.5% of total assets (excluding cash and cash equivalents) on a consolidated basis as of the beginning of each quarter and is payable to the Investment Manager quarterly in arrears.

Incentive compensation is only paid to the extent the total performance of the Company exceeds a cumulative 8% annual return since January 1, 2013 (the "Total Return Hurdle"). Beginning January 1, 2013, the incentive compensation equals 20% of net investment income (reduced by preferred dividends) and 20% of net realized gains (reduced by any net unrealized losses), subject to the Total Return Hurdle. The incentive compensation is payable quarterly in

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

**3. Management Fees, Incentive Compensation and Other Expenses (continued)**

arrears as an allocation and distribution to the General Partner and is calculated as the difference between cumulative incentive compensation earned since January 1, 2013 and cumulative incentive compensation paid since January 1, 2013. A reserve for incentive compensation is accrued based on the amount of additional incentive compensation that would have been distributable to the General Partner assuming a hypothetical liquidation of the Company at net asset value on the balance sheet date. At September 30, 2014, the General Partner's equity interest in the Partnership was comprised entirely of the reserve amount and is reported as a non-controlling interest in the consolidated financial statements of the Company.

The Company and the Partnership bear all respective expenses incurred in connection with the business of the Company and the Partnership, including fees and expenses of outside contracted services, such as custodian, administrative, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers' and finders' fees relating to investments, and any other transaction costs associated with the purchase and sale of investments.

**4. Leverage**

Leverage is comprised of convertible senior unsecured notes issued by the Company (the "Convertible Notes"), amounts outstanding under senior secured revolving credit facilities issued by the Partnership (the "Partnership Facility") and TCPC Funding (the "TCPC Funding Facility," and, together with the Partnership Facility, the "Revolving Facilities"), debentures guaranteed by the SBA (the "SBA Debentures"), and amounts outstanding under a preferred leverage facility issued by the Partnership (the "Preferred Interests"), as follows:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Convertible Notes	\$ 105,599,077	\$
Partnership Facility	45,000,000	45,000,000
SBA Debentures	18,500,000	
TCPC Funding Facility	150,000,000	50,000,000
<b>Total Debt</b>	<b>\$ 319,099,077</b>	<b>\$ 95,000,000</b>
Preferred Interests	134,000,000	134,000,000
<b>Total Leverage</b>	<b>\$ 453,099,077</b>	<b>\$ 229,000,000</b>

The combined weighted-average interest and dividend rates on total leverage outstanding at September 30, 2014 and December 31, 2013 were 2.83% and 1.38%, respectively.

Amounts outstanding under the Revolving Facilities, the Convertible Notes and the SBA Debentures are carried at amortized cost in the Statement of Assets and Liabilities. As of September 30, 2014, the estimated fair value of the TCPC Funding Facility and the SBA Debentures approximated its carrying value, and the Partnership Facility and Convertible Notes had estimated fair values of \$44,314,383 and \$108,000,000, respectively. The estimated fair values of the Revolving Facilities, the Convertible Notes and the SBA Debentures are

**TCP Capital Corp.**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**4. Leverage (continued)**

determined by discounting projected remaining payments using market interest rates for our borrowings and entities with similar credit risks at the measurement date. At September 30, 2014, the Revolving Facilities, the Convertible Notes and the SBA Debentures were deemed to be Level 3 in the GAAP valuation hierarchy.

*Convertible Notes*

On June 11, 2014, the Company issued \$108 million of convertible senior unsecured notes that mature on December 15, 2019, unless previously converted or repurchased in accordance with their terms. The Convertible Notes are general unsecured obligations of the Company, and rank structurally junior to the Revolving Facilities and Preferred Interests. The Company does not have the right to redeem the Convertible Notes prior to maturity. The Convertible Notes bear interest at an annual rate of 5.25%, payable semi-annually. In certain circumstances, the Convertible Notes will be convertible into cash, shares of the Company's common stock or a combination of cash and shares of common stock (such combination to be at the Company's election), at an initial conversion rate of 50.9100 shares of common stock per one thousand dollar principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately \$19.64 per share of common stock, subject to customary anti-dilution adjustments. The initial conversion price was approximately 12.5% above the \$17.46 per share closing price of the Company's common stock on June 11, 2014. At September 30, 2014, the principal amount of the Convertible Notes exceeded the value of the conversion rate multiplied by the per share closing price of the Company's common stock. Therefore, no additional shares have been added to the calculation of diluted earnings per common share and weighted average common shares outstanding.

Prior to the close of business on the business day immediately preceding June 15, 2019, holders may convert their Convertible Notes only under certain circumstances set forth in the indenture governing the terms of the Convertible Notes (the "Indenture"). On or after June 15, 2019 until the close of business on the scheduled trading day immediately preceding December 15, 2019, holders may convert their Convertible Notes at any time. Upon conversion, the Company will pay or deliver, as the case may be, at its election, cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, subject to the requirements of the Indenture.

The Convertible Notes are accounted for in accordance with ASC Topic 470-20 *Debt with Conversion and Other Options*. Upon conversion of any Convertible Note, the Company intends to pay the outstanding principal amount in cash and to the extent that the conversion value exceeds the principal amount, has the option to pay in cash or shares of our common stock (or a combination of cash and shares) in respect of the excess amount, subject to the requirements of the Indenture. The Company has determined that the embedded conversion option in the Convertible Notes is not required to be separately accounted for as a derivative under GAAP. At the time of issuance the estimated values of the debt and equity components of the Convertible Notes were approximately 97.7% and 2.3%, respectively. The original issue discount equal to the equity component of the Convertible Notes was recorded in "paid-in-capital in excess of par" in the accompanying Consolidated Statement of Assets and Liabilities. As a result, the Company will record interest expense comprised of both stated

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

**4. Leverage (continued)**

interest and accretion of the original issue discount. At the time of issuance, the equity component was \$2,515,594. As of September 30, 2014, the components of the carrying value of the Convertible Notes were as follows:

Principal amount of debt	\$	108,000,000
Original issue discount, net of accretion		(2,400,923)
Carrying value of debt	\$	105,599,077

For the nine months ended September 30, 2014, the components of interest expense for the Convertible Notes were as follows:

Stated interest expense	\$	1,759,233
Accretion of original issue discount		114,671
Total interest expense	\$	1,873,904

The estimated effective interest rate of the debt component of the Convertible Notes, equal to the stated interest of 5.25% plus the accretion of the original issue discount, was approximately 5.75% for the nine months ended September 30, 2014.

**Partnership Facility**

The Partnership Facility provides for amounts to be drawn up to \$116 million, subject to certain collateral and other restrictions. The Partnership Facility matures on July 31, 2016. Most of the cash and investments held directly by the Partnership, as well as the net assets of TCPC Funding and the SBIC, are included in the collateral for the facility.

Advances under the Partnership Facility through July 31, 2014 bore interest at an annual rate equal to 0.44% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the Partnership Facility for periods from July 31, 2014 through the maturity date of the facility bear interest at an annual rate equal to 2.5% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.20% per annum on the unused portion of the facility, or 0.25% per annum when less than \$46.4 million in borrowings are outstanding. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should the Partnership fail to satisfy certain financial or other covenants. As of September 30, 2014, the Partnership was in full compliance with such covenants.

**SBA Debentures**

As of September 30, 2014 the SBIC is able to issue up to \$75 million in SBA Debentures, subject to funded regulatory capital and other customary regulatory requirements. As of September 30, 2014, the Partnership had committed \$75 million of regulatory capital to the SBIC, \$23 million of which had been funded. SBA Debentures are non-recourse and may be





## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

**4. Leverage (continued)**

prepaid at any time without penalty. The interest rate on SBA Debentures is fixed at the time of issuance at a market-driven spread over 10-year U.S. Treasury Notes.

SBA Debentures as of September 30, 2014 were as follows:

Issuance Date	Maturity	Debenture Amount	Fixed Interest Rate	SBA Annual Charge
September 24, 2014	September 1, 2024	\$ 18,500,000	3.015%	0.355%

***TCPC Funding Facility***

The TCPC Funding Facility, issued on May 15, 2013, provides for amounts to be drawn up to \$200 million, subject to certain collateral and other restrictions. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at the request of TCPC Funding. The facility contains an accordion feature which allows for expansion of the facility up to \$250 million subject to consent from the lender and other customary conditions. The cash and investments of TCPC Funding are included in the collateral for the facility.

As of September 30, 2014, borrowings under the TCPC Funding Facility bore interest at a rate of LIBOR plus 2.50% per annum. In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.75% per annum on the unused portion of the facility, or 1.00% per annum when the unused portion is greater than 33% of the total facility. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should TCPC Funding fail to satisfy certain financial or other covenants. As of September 30, 2014, TCPC Funding was in full compliance with such covenants.

***Preferred Interests***

At September 30, 2014, the Preferred Interests were comprised of 6,700 Series A preferred limited partner interests issued and outstanding with a liquidation preference of \$20,000 per interest. The Preferred Interests accrue dividends at an annual rate equal to 0.85% plus either LIBOR or the interestholder's cost of funds (subject to a cap of LIBOR plus 20 basis points). The Preferred Interests are redeemable at the option of the Partnership, subject to certain conditions. Additionally, under certain conditions, the Partnership may be required to either redeem certain of the Preferred Interests or repay indebtedness, at the Partnership's option. Such conditions would include a failure by the Partnership to maintain adequate collateral as required by its credit facility agreement or by the Statement of Preferences of the Preferred Interests or a failure by the Partnership to maintain sufficient asset coverage as required by the 1940 Act. As of September 30, 2014, the Partnership was in full compliance with such requirements.

**5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk**

The Partnership, TCPC Funding and the SBIC conduct business with brokers and dealers that are primarily headquartered in New York and Los Angeles and are members of the major securities exchanges. Banking activities are conducted with a firm headquartered in the San Francisco area.

**TCP Capital Corp.****Notes to Consolidated Financial Statements (Unaudited) (Continued)****September 30, 2014****5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk (continued)**

In the normal course of business, investment activities involve executions, settlement and financing of various transactions resulting in receivables from, and payables to, brokers, dealers and the custodian. These activities may expose the Company, the Partnership, TCPC Funding and the SBIC to risk in the event that such parties are unable to fulfill contractual obligations. Management does not anticipate any material losses from counterparties with whom it conducts business. Consistent with standard business practice, the Company, the Partnership, TCPC Funding and the SBIC enter into contracts that contain a variety of indemnifications, and are engaged from time to time in various legal actions. The maximum exposure under these arrangements and activities is unknown. However, management expects the risk of material loss to be remote.

The Consolidated Statement of Investments includes certain revolving loan facilities and other commitments held by the Partnership with unfunded balances at September 30, 2014 as follows:

Revolving Loan Facilities	\$	20,517,102
Delayed Draw Loans and Notes		25,652,366
Letters of Credit		9,379,246

Total Unfunded Commitments	\$	55,548,714
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**6. Related Parties**

The Company, the Partnership, TCPC Funding, the SBIC, the Investment Manager, the General Partner and their members and affiliates may be considered related parties. From time to time, the Partnership advances payments to third parties on behalf of the Company which are reimbursable through deductions from distributions to the Company. At September 30, 2014, no such amounts were outstanding. From time to time, the Investment Manager advances payments to third parties on behalf of the Company and the Partnership and receives reimbursement from the Company and the Partnership. At September 30, 2014, amounts reimbursable to the Investment Manager totaled \$411,292, as reflected in the Consolidated Statement of Assets and Liabilities.

Pursuant to administration agreements between the Administrator and each of the Company and the Partnership (the "Administration Agreements"), the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to the Company or the Partnership, as well as costs and expenses incurred by the Administrator or its affiliates relating to any administrative, operating, or other non-investment advisory services provided by the Administrator or its affiliates to the Company or the Partnership. For the nine months ended September 30, 2014, expenses allocated pursuant to the Administration Agreements totaled \$1,002,418. The Administrator waived reimbursement of all administrative expenses prior to January 1, 2013.

## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 7. Stockholders' Equity and Dividends

The following table summarizes the total shares issued and proceeds received in the public offering of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the nine months ended September 30, 2014.

	Shares Issued	Price Per Share	Net Proceeds
August 1, 2014 public offering	6,210,000	\$ 17.33	\$ 103,940,721
Shares issued from dividend reinvestment plan	326	\$ 16.90	\$ 5,509

The following table summarizes the total shares issued and proceeds received in the public offering of the Company's common stock net of underwriting discounts and offering costs as well as shares issued in connection with the Company's dividend reinvestment plan for the year ended December 31, 2013:

	Shares Issued	Price Per Share	Net Proceeds
May 21, 2013 public offering	5,175,000	\$ 15.63	\$ 78,176,790
October 1, 2013 public offering	4,370,000	\$ 15.76	\$ 66,473,600
December 18, 2013 public offering	5,175,000	\$ 16.00	\$ 79,912,500
Shares issued from dividend reinvestment plan	2,288	\$ 16.35	\$ 37,416

The Company's dividends are recorded on the ex-dividend date. The following table summarizes the Company's dividends declared for the nine months ended September 30, 2014:

Date Declared	Record Date	Payment Date	Amount Per Share	Total Amount
March 6, 2014	March 17, 2014	March 31, 2014	\$ 0.36	\$ 13,031,970
May 7, 2014	June 18, 2014	June 30, 2014	\$ 0.41*	\$ 14,842,008
August 7, 2014	September 16, 2014	September 30, 2014	\$ 0.36	\$ 15,267,647
				\$ 43,141,625

\*

Includes a special dividend of \$0.05.

The following table summarizes the Company's dividends declared for the nine months ended September 30, 2013:

Date Declared	Record Date	Payment Date	Amount Per Share	Total Amount
March 7, 2013	March 18, 2013	March 29, 2013	\$ 0.40*	\$ 8,591,051
May 8, 2013	June 7, 2013	June 28, 2013	\$ 0.36	\$ 9,595,344
August 8, 2013	September 9, 2014	September 30, 2013	\$ 0.36	\$ 9,595,692

\$ 27,782,087

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\*

Includes a special dividend of \$0.05.

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

**8. Earnings Per Share**

The following information sets forth the computation of the net increase in net assets per share resulting from operations for the nine months ended September 30, 2014 and September 30, 2013:

	<b>Nine Months Ended September 30, 2014</b>	<b>Nine Months Ended September 30, 2013</b>
Net increase in net assets applicable to common shareholders resulting from operations	\$ 41,601,674	\$ 35,085,981
Weighted average shares outstanding	37,507,497	23,942,996
Earnings per share	\$ 1.11	\$ 1.47

**9. Subsequent Events**

On October 3, 2014, the Company entered into an equity distribution agreement with each of Raymond James & Associates, Inc. and Cantor Fitzgerald & Co. under which the Company may from time to time offer and sell, at a premium to net asset value, shares of its common stock in negotiated transactions or "at the market" offerings having an aggregate offering price of up to \$100,000,000. Through November 3, 2014, the Company issued 400,255 shares pursuant the equity distribution agreement.

On November 5, 2014, the aggregate principal commitment on the TCPC Funding Facility increased to \$250 million and the facility's accordion feature expanded to \$300 million.

On November 6, 2014, the Company's board of directors declared a fourth quarter regular dividend of \$0.36 per share and a special dividend of \$0.05 per share. Both dividends are payable on December 31, 2014 to stockholders of record as of the close of business on December 8, 2014.

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## TCP Capital Corp.

## Notes to Consolidated Financial Statements (Unaudited) (Continued)

September 30, 2014

## 10. Financial Highlights

**Nine Months Ended  
September 30,  
2014                      2013**

**Per Common Share**

Per share NAV at beginning of period (1)	\$	15.18	\$	14.71
Investment operations:				
Net investment income		1.48		1.64
Net realized and unrealized gain		(0.06)		0.25
Dividends on Series A preferred equity facility		(0.03)		(0.05)
Incentive allocation reserve and distributions		(0.28)		(0.37)
Total from investment operations		1.11		1.47
Issuance of common stock		0.20		
Issuance of convertible debt		0.07		
Distributions to common shareholders from:				
Net investment income		(1.13)		(1.12)
Per share NAV at end of period	\$	15.43	\$	15.06

Per share market price at end of period	\$	16.07	\$	16.23
Total return based on market value (1), (2)		2.5%		17.7%
Total return based on net asset value (1), (3)		9.1%		10.1%
Shares outstanding at end of period		42,410,242		26,654,802

**Nine Months Ended  
September 30,  
2014                      2013**

Ratios to average common equity: (4), (5)				
Net investment income (6)		11.0%		12.3%
Expenses		4.4%		3.5%
Expenses and incentive allocation (7)		6.3%		5.7%
Ending common shareholder equity	\$	654,533,128	\$	401,503,741
Portfolio turnover rate (1)		20.2%		31.1%
Weighted-average debt outstanding	\$	179,507,606	\$	77,106,227
Weighted-average interest rate on debt		3.0%		1.2%
Weighted-average number of common shares		37,507,497		23,942,996
Average debt per share	\$	4.79	\$	3.22

- (1) Not annualized.
- (2) Total return based on market value equals the change in ending market value per share during the period plus declared dividends per share during the period, divided by the market value per share at the beginning of the period.
- (3) Total return based on net asset value equals the change in net asset value per share during the period plus declared dividends per share during the period, divided by the beginning net asset value per share at the beginning of the period.

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**TCP Capital Corp.**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**10. Financial Highlights (continued)**

- (4) Annualized, except for incentive allocation.
- (5) These ratios include interest expense but do not reflect the effect of dividends on the preferred equity facility.
- (6) Net of incentive allocation.
- (7) Includes incentive allocation payable to the General Partner and all Company expenses.

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## TCP Capital Corp.

## Consolidated Schedule of Investments in Affiliates (1) (Unaudited)

Nine Months Ended September 30, 2014

Security	Acquisitions	Dispositions (2)	Dividends or Interest (3)
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$ 241,491	\$	\$ 194,666
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16			764,610
Anacomp, Inc., Class A Common Stock			
EPMC HoldCo, LLC, Membership Units		(969,969)	
ESP Holdings, Inc., Cumulative Preferred 15%		(2,489,100)	1,968,748
ESP Holdings, Inc., Common Stock		(3,481,696)	289,315
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19		(7,959,369)	205,175
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18		(112,500)	1,007,054
KAGY Holding Company, Inc., Series A Preferred Stock			
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16		(72,713)	44,412
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16		(71,150)	17,362
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14		(108,844)	4,678
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15		(110,472)	23,416
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16		(392,795)	27,571
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16		(831,783)	210,182
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16		(806,660)	220,226
N510UA Equipment Trust Beneficial Interests	72,713	(26,934)	66,191
N512UA Equipment Trust Beneficial Interests	71,150	(26,493)	93,674
N536UA Equipment Trust Beneficial Interests	80,397	(467,756)	40,259
N545UA Equipment Trust Beneficial Interests	110,472	(35,652)	83,596
N585UA Equipment Trust Beneficial Interests	92,583	(536,863)	31,098
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17		(62,325)	15,477
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18		(55,171)	21,629
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19		(63,383)	29,035
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19		(60,971)	30,241
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19		(61,985)	30,151
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19		(61,503)	30,504
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19		(61,027)	30,855
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19		(60,127)	32,159
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19		(61,580)	31,732
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18		(64,044)	21,745
N913DL Equipment Trust Beneficial Interests	62,325	(70,524)	13,226
N918DL Equipment Trust Beneficial Interests	55,171	(67,002)	10,621
N954DL Equipment Trust Beneficial Interests	63,383	(80,814)	9,947
N955DL Equipment Trust Beneficial Interests	60,971	(79,827)	9,272
N956DL Equipment Trust Beneficial Interests	61,985	(80,928)	9,305
N957DL Equipment Trust Beneficial Interests	61,503	(80,592)	9,124
N959DL Equipment Trust Beneficial Interests	61,027	(80,262)	8,949
N960DL Equipment Trust Beneficial Interests	60,127	(80,007)	8,292
N961DL Equipment Trust Beneficial Interests	61,580	(81,411)	8,497
N976DL Equipment Trust Beneficial Interests	64,044	(76,920)	9,600

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## TCP Capital Corp.

## Consolidated Schedule of Investments in Affiliates (1) (Unaudited) (Continued)

Nine Months Ended September 30, 2014

Security	Acquisitions	Dispositions (2)	Dividends or Interest (3)
RM Holdco, LLC, Membership Units			
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18			43,866
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16	278,599	(142,450)	310,334
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16	974,966		1,056,044
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/19/16	318,343		344,447
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16	204,002		220,664
United N659UA-767, LLC (N659UA)	831,783	(506,034)	318,023
United N661UA-767, LLC (N661UA)	806,660	(497,274)	315,057
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units			

*Notes to Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Company of 5% or more of the issuers' voting securities.
- (2) Dispositions include sales, paydowns, mortgage amortizations, and aircraft depreciation.
- (3) Also includes fee and lease income as applicable.

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## TCP Capital Corp.

## Consolidated Schedule of Changes in Investments in Affiliates (1)

Year Ended December 31, 2013

Security	Acquisitions	Dispositions (2)	Dividends or Interest (3)
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$ 2,056,927	\$	\$ 128,215
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16	7,586,317		640,007
Anacomp, Inc., Class A Common Stock			
EPMC HoldCo, LLC, Membership Units		(1,481,930)	
ESP Holdings, Inc., Cumulative Preferred 15%			
ESP Holdings, Inc., Common Stock			32,627
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19	749,529		1,199,575
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	14,850,000		83,281
International Wire Group Holdings, Inc., Senior Secured Notes, 8.5%, due 10/15/17		(15,759,750)	443,715
KAGY Holding Company, Inc., Series A Preferred Stock	8,096,057	(1,644)	
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16		(81,562)	74,646
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16		(79,808)	75,593
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14		(143,097)	29,100
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15		(128,230)	50,422
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16		(93,707)	88,705
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16		(999,280)	390,117
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16		(969,098)	401,041
N510UA Equipment Trust Beneficial Interests	81,562	(35,912)	72,866
N512UA Equipment Trust Beneficial Interests	79,808	(35,323)	72,497
N536UA Equipment Trust Beneficial Interests	143,097	(45,201)	104,929
N545UA Equipment Trust Beneficial Interests	128,359	(47,536)	92,525
N585UA Equipment Trust Beneficial Interests	93,707	(46,776)	80,203
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17		(77,509)	26,248
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18		(68,612)	33,806
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19		(78,825)	44,415
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19		(75,824)	45,803
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19		(77,085)	45,775
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19		(76,487)	46,204
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19		(75,896)	46,629
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19		(74,776)	48,285
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19		(76,582)	47,846
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18		(79,647)	34,759
N913DL Equipment Trust Beneficial Interests	77,509	(94,032)	12,045
N918DL Equipment Trust Beneficial Interests	68,612	(89,338)	9,213
N954DL Equipment Trust Beneficial Interests	78,825	(107,751)	7,578
N955DL Equipment Trust Beneficial Interests	75,824	(106,437)	6,891
N956DL Equipment Trust Beneficial Interests	77,085	(107,904)	6,845
N957DL Equipment Trust Beneficial Interests	76,487	(107,457)	6,648
N959DL Equipment Trust Beneficial Interests	75,896	(107,015)	6,456

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## TCP Capital Corp.

## Consolidated Schedule of Changes in Investments in Affiliates (1) (Continued)

Year Ended December 31, 2013

Security	Acquisitions	Dispositions (2)	Dividends or Interest (3)
N960DL Equipment Trust Beneficial Interests	74,776	(106,678)	5,662
N961DL Equipment Trust Beneficial Interests	76,582	(108,546)	5,805
N967DL Equipment Trust Beneficial Interests	79,647	(102,560)	7,056
RM Holdco, LLC, Membership Units			
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18	57,991		57,992
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16	16,974	(149,183)	413,430
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16	567,205		1,258,016
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/19/16	186,901		410,004
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16	1,339,883		182,711
United N659UA-767, LLC (N659UA)	999,280	(674,714)	316,842
United N661UA-767, LLC (N661UA)	969,098	(663,034)	313,627
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	5,000,000		

*Notes to Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Company of 5% or more of the issuers' voting securities.
- (2) Dispositions include sales, paydowns, mortgage amortizations, and aircraft depreciation.
- (3) Also includes fee and lease income as applicable.

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## TCP Capital Corp.

## Consolidated Schedule of Restricted Securities of Unaffiliated Issuers (Unaudited)

September 30, 2014

<b>Investment</b>	<b>Acquisition Date</b>
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18	7/26/13
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16	1/20/11
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock	12/4/13
Hunt Companies, Inc., Senior Secured Notes, 9.625%, due 3/1/21	2/25/14
Ichor Systems Holdings, LLC, Membership Units	Var. 2009 & 2010
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC Common Interest Units	9/10/12
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd, Warrants	8/6/14
Shop Holdings, LLC, Convertible Promissory Note, 5%, due 8/5/15	2/5/14
Shop Holding, LLC, Class A Units	6/2/11
Shop Holding, LLC, Warrants to Purchase Class A Units	6/2/11
SiTV, Inc., Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
SiTV, Inc., Warrants to Purchase Common Stock	8/3/12
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
STG-Fairway Holdings, LLC, Class A Units	12/30/10
The Telx Group, Inc., Senior Notes, 13.5% PIK, due 7/9/21	4/9/14
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
V Telecom Investment S.C.A, Common Shares	11/9/12

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## TCP Capital Corp.

## Consolidated Schedule of Restricted Securities of Unaffiliated Issuers

December 31, 2013

<b>Investment</b>	<b>Acquisition Date</b>
AIP/IS Holdings, LLC, Membership Units	Var. 2009 & 2010
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18	7/26/13
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16	1/20/11
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock	12/4/13
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC Common Interest Units	9/10/12
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Shop Holding, LLC, Class A Units	6/2/11
Shop Holding, LLC, Warrants to Purchase Class A Units	6/2/11
SiTV, Inc., Warrants to Purchase Common Stock	8/3/12
SLS Breeze Intermediate Holdings, Inc., Warrants to Purchase Common Stock	9/25/13
St Barbara Ltd., 1st Priority Senior Secured Notes, 8.875%, due 4/15/18	3/22/13
STG-Fairway Holdings, LLC, Class A Units	12/30/10
The Telx Group, Inc., Senior Unsecured Notes, 10% Cash + 2% PIK, due 9/26/19	9/26/11
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
V Telecom Investment S.C.A, Common Shares	11/9/12
Vantage Oncology, LLC, Senior Secured Notes, 9.5%, due 6/15/17	6/6/13

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## TCP Capital Corp.

Consolidating Statement of Assets and Liabilities (Unaudited)  
September 30, 2014

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
<b>Assets</b>				
Investments:				
Companies less than 5% owned	\$	\$ 1,010,685,137	\$	\$ 1,010,685,137
Companies 5% to 25% owned		48,193,229		48,193,229
Companies more than 25% owned		15,918,961		15,918,961
Investment in subsidiary	758,688,769		(758,688,769)	
<b>Total investments</b>	<b>758,688,769</b>	<b>1,074,797,327</b>	<b>(758,688,769)</b>	<b>1,074,797,327</b>
Cash and cash equivalents		24,144,075		24,144,075
Accrued interest income		10,359,314		10,359,314
Deferred debt issuance costs	3,174,156	4,313,655		7,487,811
Unrealized appreciation on swaps		1,071,130		1,071,130
Interest rate cap option		1,327		1,327
Receivable from subsidiary	633,589		(633,589)	
Prepaid expenses and other assets	150,212	1,594,868		1,745,080
<b>Total assets</b>	<b>762,646,726</b>	<b>1,116,281,696</b>	<b>(759,322,358)</b>	<b>1,119,606,064</b>
<b>Liabilities</b>				
Debt	105,599,077	213,500,000		319,099,077
Incentive allocation payable		3,767,604		3,767,604
Interest payable	1,656,229	825,837		2,482,066
Payable for investment securities purchased		1,250,031		1,250,031
Payable to the Investment Manager	128,687	282,605		411,292
Payable to Parent		633,589	(633,589)	
Accrued expenses and other liabilities	729,605	2,133,239		2,862,844
<b>Total liabilities</b>	<b>108,113,598</b>	<b>222,392,905</b>	<b>(633,589)</b>	<b>329,872,914</b>
<b>Preferred equity facility</b>				
Series A preferred limited partner interests		134,000,000		134,000,000
Accumulated dividends on Series A preferred equity facility		498,858		498,858
<b>Total preferred limited partner interests</b>		<b>134,498,858</b>		<b>134,498,858</b>
<b>Non-controlling interest</b>				
General Partner interest in Special Value Continuation Partners, LP			701,164	701,164

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<b>Net assets</b>	<b>\$</b>	<b>654,533,128</b>	<b>\$</b>	<b>759,389,933</b>	<b>\$</b>	<b>(759,389,933)</b>	<b>\$</b>	<b>654,533,128</b>
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**Composition of net assets**

Common stock	\$	42,410	\$		\$		\$	42,410
Additional paid-in capital		774,297,634		771,171,985		(771,171,985)		774,297,634
Accumulated deficit		(119,806,916)		(11,782,052)		12,483,216		(119,105,752)
Non-controlling interest						(701,164)		(701,164)

<b>Net assets</b>	<b>\$</b>	<b>654,533,128</b>	<b>\$</b>	<b>759,389,933</b>	<b>\$</b>	<b>(759,389,933)</b>	<b>\$</b>	<b>654,533,128</b>
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## TCP Capital Corp.

Consolidating Statement of Assets and Liabilities  
December 31, 2013

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
<b>Assets</b>				
Investments:				
Companies less than 5% owned	\$	\$ 678,326,915	\$	\$ 678,326,915
Companies 5% to 25% owned		69,068,808		69,068,808
Companies more than 25% owned		18,867,236		18,867,236
Investment in subsidiary	551,095,042		(551,095,042)	
<b>Total investments</b>	<b>551,095,042</b>	<b>766,262,959</b>	<b>(551,095,042)</b>	<b>766,262,959</b>
Cash and cash equivalents		22,984,182		22,984,182
Accrued interest income		6,739,105		6,739,105
Receivable for investments sold		3,605,964		3,605,964
Deferred debt issuance costs		2,969,085		2,969,085
Interest rate cap option		14,139		14,139
Receivable from subsidiary	531,717		(531,717)	
Prepaid expenses and other assets	30,493	723,275		753,768
<b>Total assets</b>	<b>551,657,252</b>	<b>803,298,709</b>	<b>(551,626,759)</b>	<b>803,329,202</b>
<b>Liabilities</b>				
Debt		95,000,000		95,000,000
Payable for investment securities purchased		14,706,942		14,706,942
Incentive allocation payable		3,318,900		3,318,900
Payable to the Investment Manager	833,737	287,371		1,121,108
Interest payable		430,969		430,969
Unrealized depreciation on swaps		331,183		331,183
Payable to Parent		531,717	(531,717)	
Accrued expenses and other liabilities	1,212,260	1,923,750		3,136,010
<b>Total liabilities</b>	<b>2,045,997</b>	<b>116,530,832</b>	<b>(531,717)</b>	<b>118,045,112</b>
<b>Preferred equity facility</b>				
Series A preferred limited partner interests		134,000,000		134,000,000
Accumulated dividends on Series A preferred equity facility		504,252		504,252
<b>Total preferred limited partner interests</b>		<b>134,504,252</b>		<b>134,504,252</b>

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**Non-controlling interest**

General Partner interest in Special Value				
Continuation Partners, LP			1,168,583	1,168,583

**Net assets** \$ 549,611,255 \$ 552,263,625 \$ (552,263,625) \$ 549,611,255

**Composition of net assets**

Common stock	\$ 36,200	\$	\$	\$ 36,200
Additional paid-in capital	667,842,020	666,530,318	(666,530,318)	667,842,020
Accumulated deficit	(118,266,965)	(114,266,693)	115,435,276	(117,098,382)
Non-controlling interest			(1,168,583)	(1,168,583)

**Net assets** \$ 549,611,255 \$ 552,263,625 \$ (552,263,625) \$ 549,611,255

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## TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)  
Nine Months Ended September 30, 2014

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
<b>Investment income</b>				
Interest income:				
Companies less than 5% owned	\$	\$ 65,174,101	\$	\$ 65,174,101
Companies 5% to 25% owned		4,423,013		4,423,013
Companies more than 25% owned		706,553		706,553
Dividend income:				
Companies 5% to 25% owned		1,968,748		1,968,748
Other income:				
Companies less than 5% owned		1,164,938		1,164,938
Companies 5% to 25% owned		282,581		282,581
Companies more than 25% owned		726,477		726,477
Total interest and related investment income		74,446,411		74,446,411
<b>Operating expenses</b>				
Management and advisory fees		9,504,317		9,504,317
Interest expense	1,759,234	2,252,933		4,012,167
Amortization of deferred debt issuance costs	195,844	1,151,598		1,347,442
Administration expenses		1,029,069		1,029,069
Legal fees, professional fees and due diligence expenses	285,870	542,232		828,102
Commitment fees		650,209		650,209
Director fees	84,487	171,289		255,776
Insurance expense	67,547	135,276		202,823
Custody fees	2,625	163,400		166,025
Other operating expenses	671,530	361,892		1,033,422
Total expenses	3,067,137	15,962,215		19,029,352
<b>Net investment income (loss)</b>	(3,067,137)	58,484,196		55,417,059
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>				
Net realized gain (loss):				
Investments in companies less than 5% owned		(5,317,388)		(5,317,388)
Investments in companies 5% to 25% owned		383,670		383,670

Net realized loss		(4,933,718)		(4,933,718)
Net change in unrealized appreciation/depreciation		2,596,620		2,596,620
Net realized and unrealized gain		(2,337,098)		(2,337,098)
Interest in earnings of subsidiary	44,668,811		(44,668,811)	
Dividends paid on Series A preferred equity facility		(1,083,263)		(1,083,263)
Net change in accumulated dividends on Series A preferred equity facility		5,394		5,394
Distributions of incentive allocation to the General Partner from net investment income			(10,867,837)	(10,867,837)
Net change in reserve for incentive allocation			467,419	467,419
<b>Net increase in net assets resulting from operations</b>		\$ 41,601,674	\$ 55,069,229	\$ (55,069,229) \$ 41,601,674

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## TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)  
Nine Months Ended September 30, 2013

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
<b>Investment income</b>				
Interest income:				
Unaffiliated issuers	\$	\$ 41,745,035	\$	\$ 41,745,035
Controlled companies		936,296		936,296
Affiliates		4,035,115		4,035,115
Other income:				
Unaffiliated issuers		1,105,959		1,105,959
Controlled companies		495,165		495,165
Other Affiliates		305,739		305,739
Total interest and related investment income		48,623,309		48,623,309
<b>Operating expenses</b>				
Management and advisory fees		6,110,550		6,110,550
Interest expense		663,820		663,820
Administration expenses		592,422		592,422
Amortization of deferred debt issuance costs		470,242		470,242
Legal fees, professional fees and due diligence expenses	262,770	226,718		489,488
Commitment fees		146,843		146,843
Director fees	73,243	147,045		220,288
Insurance expense	44,555	89,261		133,816
Custody fees	2,625	102,802		105,427
Other operating expenses	409,651	235,142		644,793
Total expenses	792,844	8,784,845		9,577,689
<b>Net investment income</b>	(792,844)	39,838,464		39,045,620
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>				
Net realized loss:				
Investments in unaffiliated issuers		(2,773,020)		(2,773,020)
Net change in unrealized appreciation/depreciation		8,723,819		8,723,819
Net realized and unrealized gain		5,950,799		5,950,799
Interest in earnings of subsidiary	35,878,825		(35,878,825)	
Dividends paid on Series A preferred equity facility		(1,131,014)		(1,131,014)
Net change in accumulated dividends on Series A preferred equity facility		(7,928)		(7,928)
Distributions of incentive allocation to the General Partner from net investment income			(7,581,335)	(7,581,335)

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Distributions of incentive allocation to the General Partner from net realized gains	(312,598)	(312,598)
Net change in reserve for incentive allocation	(877,563)	(877,563)
<b>Net increase in net assets resulting from operations</b>	<b>\$ 35,085,981</b>	<b>\$ 44,650,321</b>
	<b>\$ (44,650,321)</b>	<b>\$ 35,085,981</b>

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Assets and Liabilities**

	<b>September 30, 2014 (unaudited)</b>	<b>December 31, 2013</b>
<b>Assets</b>		
Investments, at fair value:		
Companies less than 5% owned (cost of \$1,012,619,777 and \$684,569,508, respectively)	\$ 1,010,685,137	\$ 678,326,915
Companies 5% to 25% owned (cost of \$54,987,297 and \$73,946,547, respectively)	48,193,229	69,068,808
Companies more than 25% owned (cost of \$40,807,126 and \$42,588,724 respectively)	15,918,961	18,867,236
Total investments (cost of \$1,108,414,200 and \$801,104,779, respectively)	1,074,797,327	766,262,959
Cash and cash equivalents	24,144,075	22,984,182
Receivable for investments sold		3,605,964
Accrued interest income:		
Companies less than 5% owned	9,677,087	6,282,353
Companies 5% to 25% owned	650,326	415,061
Companies more than 25% owned	31,901	41,691
Deferred debt issuance costs	4,313,655	2,969,085
Unrealized appreciation on swaps	1,071,130	
Options (cost \$51,750)	1,327	14,139
Prepaid expenses and other assets	1,594,868	723,275
Total assets	1,116,281,696	803,298,709
<b>Liabilities</b>		
Debt	213,500,000	95,000,000
Incentive allocation payable	3,767,604	3,318,900
Payable for investments purchased	1,250,031	14,706,942
Interest payable	825,837	430,969
Payable to Parent	633,589	531,717
Payable to the Investment Manager	282,605	287,371
Unrealized depreciation on swaps		331,183
Accrued expenses and other liabilities	2,133,239	1,923,750
Total liabilities	222,392,905	116,530,832
<b>Commitments and contingencies (Note 5)</b>		
<b>Preferred equity facility</b>		
Series A preferred limited partner interests in Special Value Continuation Partners, LP; \$20,000/interest liquidation preference; 6,700 interests authorized, issued and outstanding	134,000,000	134,000,000
Accumulated dividends on Series A preferred equity facility	498,858	504,252
Total preferred limited partner interests	134,498,858	134,504,252

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<b>Net assets applicable to common limited and general partners</b>	<b>\$</b>	<b>759,389,933</b>	<b>\$</b>	<b>552,263,625</b>
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**Composition of net assets applicable to common limited and general partners**

Paid-in capital in excess of par	875,112,706	666,530,318
Accumulated net investment income	27,731,167	26,850,149
Accumulated net realized losses	(110,736,362)	(105,802,644)
Accumulated net unrealized depreciation	(32,717,578)	(35,314,198)

<b>Net assets applicable to common shareholders</b>	<b>\$</b>	<b>759,389,933</b>	<b>\$</b>	<b>552,263,625</b>
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*See accompanying notes.*

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b>Debt Investments (A)</b>										
<b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b>										
Expert Global Solutions, LLC	First Lien Term Loan B	LIBOR (Q)	7.25%	1.25%	4/3/2018	\$ 683,590	\$ 696,318	\$ 684,728	0.06%	
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	11.00%	1.50%	10/3/2018	\$ 7,448,973	7,266,578	7,363,310	0.67%	
							7,962,896	8,048,038	0.73%	
<b>Activities Related to Real Estate</b>										
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	8.00%	1.00%	3/26/2021	\$ 16,511,362	16,284,331	16,560,896	1.51%	
<b>Advertising, Public Relations, and Related Services</b>										
Doubleplay III Limited (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	6.25%	1.25%	3/18/2018	€ 13,165,705	16,717,182	16,213,862	1.48%	D/I
<b>Artificial Synthetic Fibers and Filaments Manufacturing</b>										
AGY Holding Corp.	Sr Secured Term Loan	Fixed	12.00%		9/15/2016	\$ 2,298,418	2,298,418	2,298,418	0.21%	B
AGY Holding Corp.	Second Lien Notes	Fixed	11.00%		11/15/2016	\$ 9,268,000	7,586,318	8,637,777	0.79%	B/E
							9,884,736	10,936,195	1.00%	
<b>Basic Chemical Manufacturing M&amp;G</b>										
Chemicals S.A. (Luxembourg)	Sr Secured Term Loan	LIBOR (Q)	7.50%		3/18/2016	\$ 15,632,077	15,632,077	15,632,077	1.42%	I
PeroxyChem, LLC	First Lien Term Loan	LIBOR (Q)	6.50%	1.00%	2/28/2020	\$ 8,955,000	8,794,870	9,089,325	0.83%	

						24,426,947	24,721,402	2.25%	
<b>Beverage Manufacturing</b>									
Carolina Beverage Group, LLC	Secured Notes	Fixed	10.625%		8/1/2018	\$ 7,780,000	7,780,000	8,091,200	0.74% E/G
<b>Business Support Services</b>									
STG-Fairway Acquisitions, Inc.	Second Lien Term Loan	LIBOR (Q)	9.25%	1.25%	8/28/2019	\$ 14,643,455	14,012,131	14,863,107	1.35%
<b>Chemical Manufacturing</b>									
Archroma	Term Loan B	LIBOR (Q)	8.25%	1.25%	9/30/2018	\$ 19,946,579	19,627,478	20,208,378	1.84%
<b>Communications Equipment Manufacturing</b>									
Globecom Systems, Inc.	First Lien Term Loan	LIBOR (Q)	7.625%	1.25%	12/11/2018	\$ 14,887,500	14,738,625	14,746,069	1.34% B
<b>Computer Equipment Manufacturing</b>									
ELO Touch Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	10.50%	1.50%	12/1/2018	\$ 10,000,000	9,704,432	9,150,000	0.84%
<b>Computer Systems Design and Related Services</b>									
Autoalert, LLC			4.75%						
	First Lien Term Loan	LIBOR (Q)	Cash + 4% PIK	0.25%	3/31/2019	\$ 30,613,101	30,061,099	30,980,458	2.82%
Blue Coat Systems, Inc.	First Lien Revolver	LIBOR (Q)	3.50%	1.00%	5/31/2018	\$	(780,948)	(570,240)	(0.05)% L
Blue Coat Systems, Inc.	Second Lien Term Loan	LIBOR (Q)	8.50%	1.00%	6/28/2020	\$ 15,000,000	14,878,125	15,000,000	1.36%
MSC Software Corporation	Second Lien Term Loan	LIBOR (M)	7.50%	1.00%	5/29/2021	\$ 11,993,035	11,873,105	11,813,140	1.07%
DnX Enterprise Solutions, Ltd.	First Lien Term Loan B	LIBOR (Q)	8.00%		9/3/2018	\$ 2,367,400	2,367,400	2,352,012	0.21%
DnX Enterprise Solutions, Ltd.	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 10,560,000	10,433,374	10,317,120	0.94%
DnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	8.00%		9/3/2018	\$ 4,734,800	4,734,800	4,704,024	0.43%
DnX USA, LLC	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 5,280,000	5,220,412	5,158,560	0.47%
Vistrionix, LLC	First Lien Revolver	LIBOR (Q)	7.50%	1.00%	12/4/2018	\$ 131,329	125,092	131,329	0.01%
Vistrionix, LLC	First Lien Term Loan	LIBOR (M)	7.50%	1.00%	12/4/2018	\$ 6,595,001	6,521,724	6,529,051	0.59%

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WebSense, Inc.	Second Lien Term Loan	LIBOR (Q)	7.25%	1.00%	12/27/2020	\$ 7,200,000	7,164,000	7,200,000	0.66%
							92,598,183	93,615,454	8.51%

**Cut and Sew Apparel Manufacturing**

ones Apparel, LLC	First Lien FILO Term Loan	LIBOR (M)	9.60%	1.00%	4/8/2019	\$ 14,329,403	14,186,109	14,479,862	1.32%
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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Data Processing, Hosting, and Related Services</b>									
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	7.00%	1.00%	7/30/2020	\$	\$ (42,880)	\$ (34,304)	0.00% L
Asset International, Inc.	Revolver	LIBOR (M)	7.00%	1.00%	7/30/2020	\$ 355,485	345,667	347,406	0.03%
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	7.00%	1.00%	7/30/2020	\$ 8,212,337	8,051,574	8,130,214	0.74%
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	8.75%	0.50%	8/6/2019	\$ 5,000,000	3,994,082	4,280,000	0.39%
The Telx Group, Inc.	Senior Notes	Fixed	13.5% PIK		7/9/2021	\$ 4,165,481	4,165,481	4,332,100	0.39% E
United TLD Holdco, Ltd. (Cayman Islands)	Second Lien Term Loan	LIBOR (Q)	8.75%	0.50%	8/6/2019	\$ 10,000,000	7,988,163	8,560,000	0.78% I
							24,502,087	25,615,416	2.33%
<b>Electric Power Generation, Transmission and Distribution</b>									
Panda Sherman Power, LLC	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	9/14/2018	\$ 11,045,948	10,926,541	11,301,385	1.03%
<b>Electrical Equipment and Component Manufacturing</b>									
Palladium Energy, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	12/26/2017	\$ 16,153,317	15,912,128	16,234,084	1.48%
<b>Electrical Equipment Manufacturing</b>									
API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	2/6/2018	\$ 6,773,900	6,706,161	6,746,804	0.61%
<b>Fabricated Metal Product Manufacturing</b>									
Constellation Enterprises, LLC	First Lien Notes	Fixed	10.625%		2/1/2016	\$ 2,900,000	2,858,907	2,646,250	0.24% E

**Financial Investment Activities**

Institutional Shareholder Services, Inc.	Second Lien Term Loan	LIBOR (Q)	7.50%	1.00%	4/30/2022	\$ 6,471,492	6,406,777	6,439,135	0.59%
Marsico Capital Management	First Lien Term Loan	LIBOR (M)	5.00%		12/31/2022	\$ 10,520,758	13,247,034	3,892,680	0.35% J
							19,653,811	10,331,815	0.94%

**Full-Service Restaurants**

RM Holdco, LLC	Subordinated Convertible Term Loan	Fixed	1.12% PIK		3/21/2018	\$ 5,164,796	5,164,796	15,494	B
RM OpCo, LLC	Convertible Second Lien Term Loan Tranche B-1	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 1,565,489	1,543,886	1,565,489	0.14% B
RM OpCo, LLC	First Lien Term Loan Tranche A	Fixed	11.00%		3/21/2016	\$ 3,763,095	3,763,095	3,763,095	0.34% B
RM OpCo, LLC	Second Lien Term Loan Tranche B	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 7,800,294	7,800,294	6,891,560	0.63% B
RM OpCo, LLC	Second Lien Term Loan Tranche B-1	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 2,456,579	2,427,363	2,456,579	0.22% B
							20,699,434	14,692,217	1.33%

**Gaming Industries**

AP Gaming I, LLC	First Lien Revolver	LIBOR (Q)	8.25%	1.00%	12/20/2018	\$ 2,500,000	2,879,797	3,000,000	0.27%
AP Gaming I, LLC	First Lien Term Loan B	LIBOR (Q)	8.25%	1.00%	12/20/2020	\$ 14,887,500	14,474,462	15,036,375	1.37%
							17,354,259	18,036,375	1.64%

**General Medical and Surgical Hospitals**

RegionalCare Hospital Partners, Inc.	Second Lien Term Loan	LIBOR (M)	9.50%	1.00%	10/23/2019	\$ 21,017,525	20,718,500	21,227,700	1.93%
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**Grocery Stores**

Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	9.35%	1.50%	12/28/2015	\$ 12,537,855	12,502,700	12,531,586	1.14%
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The Great Atlantic & Pacific Tea Company, Inc.	Term Loan Tranche B	LIBOR (M)	8.85%	1.00%	9/17/2019	\$ 21,162,842	20,794,482	21,236,912	1.93%
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33,297,182 33,768,498 3.07%

### Insurance Carriers

Acrisure, LLC	Second Lien Notes	LIBOR (Q)	10.50%	1.00%	3/7/2020	\$ 1,265,299	1,169,087	1,311,491	0.12% E
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	10.50%	1.00%	3/7/2020	\$ 20,627,638	20,219,076	20,823,601	1.90% E
US Apple Holdco, LLC	First Lien Term Loan	LIBOR (Q)	11.50%	0.50%	8/29/2019	\$ 20,000,000	19,209,747	19,800,000	1.80%

40,597,910 41,935,092 3.82%

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b>Debt Investments (continued)</b>										
<b>Insurance Related Activities</b>										
Confie Seguros Holding II Co.	Second Lien Term Loan	LIBOR (M)	9.00%	1.25%	5/8/2019	\$ 7,861,809	\$ 7,772,384	\$ 7,940,466	0.72%	
<b>Lessors of Nonfinancial Intangible Assets</b>										
ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (S)	8.00%	1.00%	5/27/2022	\$ 15,990,714	15,830,807	15,970,726	1.45%	
<b>Lessors of Real Estate</b>										
Hunt Companies, Inc.	Senior Secured Notes	Fixed	9.625%		3/1/2021	\$ 13,084,000	12,931,013	13,672,780	1.24%	E/G
<b>Merchant Wholesalers</b>										
Envision Acquisition Company, LLC	Second Lien Term Loan	LIBOR (Q)	8.75%	1.00%	11/4/2021	\$ 9,079,011	8,897,430	9,124,406	0.83%	
<b>Motion Picture and Video Industries</b>										
CORE Entertainment, Inc.	First Lien Term Loan	Fixed	9.00%		6/21/2017	\$ 9,462,231	9,396,582	8,279,452	0.75%	
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	13.50%		6/21/2018	\$ 7,569,785	7,513,892	6,812,807	0.62%	
							16,910,474	15,092,259	1.37%	
<b>Newspaper, Periodical, Book, and Directory Publishers</b>										
Hanley-Wood, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.75%	1.25%	7/15/2018	\$ 16,301,800	16,301,800	16,407,762	1.49%	
MediMedia USA, Inc.	First Lien Revolver	LIBOR (Q)	6.75%		5/20/2018	\$ 3,875,000	3,005,743	3,458,283	0.31%	

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MediMedia USA, Inc.	First Lien Term Loan	LIBOR (Q)	6.75%	1.25%	11/20/2018	\$ 9,591,911	9,360,784	9,376,093	0.85%
							28,668,327	29,242,138	2.65%

**Nondepository Credit Intermediation**

Caribbean Financial Group (Cayman Islands)									
Sr Secured Notes	Fixed	11.50%			11/15/2019	\$ 10,000,000	9,840,428	10,875,000	0.99% E/G/I
Trade Finance Funding I, Ltd. (Cayman Islands)									
Secured Class B Notes	Fixed	10.75%			11/13/2018	\$ 15,084,000	15,084,000	15,084,000	1.37% E/I
							24,924,428	25,959,000	2.36%

**Nonscheduled Air Transportation**

One Sky Flight, LLC	Second Lien Term Loan	Fixed	12% Cash + 3% PIK		6/3/2019	\$ 18,518,669	17,275,660	19,074,229	1.74%
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**Oil and Gas Extraction**

Jefferson Gulf Coast Energy Partner, LLC									
First Lien Term Loan B	LIBOR (M)	8.00%	1.00%		2/27/2018	\$ 15,000,000	14,850,000	14,943,750	1.36%
MD America Energy, LLC									
Second Lien Term Loan	LIBOR (Q)	8.50%	1.00%		8/4/2019	\$ 10,000,000	9,514,338	9,779,150	0.89%
Willbros Group, Inc.									
First Lien Term Loan	LIBOR (Q)	9.75%	1.25%		8/7/2019	\$ 13,622,801	13,292,164	13,781,711	1.25%
							37,656,502	38,504,611	3.50%

**Other Information Services**

TCH-2 Holdings, LLC	Second Lien Term Loan	LIBOR (M)	7.75%	1.00%	11/6/2021	\$ 19,988,392	19,688,567	19,488,683	1.77%
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**Other Telecommunications**

Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/30/2021	\$ 14,000,000	13,860,000	13,947,500	1.27%
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**Petroleum and Coal Products Manufacturing**

Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	9.50%	1.50%	10/11/2017	\$ 3,879,333	3,819,695	3,481,701	0.32%
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**Pesticide, Fertilizer, and Other Agricultural**



**Chemical Manufacturing**

VitAG Holdings, LLC	Sr Secured Term Loan	LIBOR (M)	10.27%	2/1/2018	\$ 7,700,000	7,545,323	7,766,000	0.71%
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**Plastics Products Manufacturing**

Iracore International, Inc.	Sr Secured Notes	Fixed	9.50%	6/1/2018	\$ 13,600,000	13,600,000	12,444,000	1.13% E/H
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**Radio and Television Broadcasting**

SiTV, Inc.	Sr Secured Notes	Fixed	10.375%	7/1/2019	\$ 7,312,000	7,312,000	7,248,020	0.66% E/G
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The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	8.50%	5/29/2017	\$ 18,111,966	17,744,530	18,274,974	1.66%
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						25,056,530	25,522,994	2.32%
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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Notes
<b><u>Debt Investments (continued)</u></b>										
<b>Retail</b>										
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	10.40%	1.00%	9/25/2017	\$ 10,863,636	\$ 10,689,030	\$ 10,917,954	0.99%	
Shopzilla, Inc.	Second Lien Term Loan	LIBOR (Q)	12.50%		3/31/2016	\$ 6,630,353	6,536,895	6,567,364	0.60%	
Shop Holding, LLC	Convertible Promissory Note	Fixed	5.00%		8/5/2015	\$ 73,140	73,140	65,899	0.01%	E
							17,299,065	17,551,217	1.60%	
<b>Satellite Telecommunications</b>										
Avanti Communications Group, PLC (United Kingdom)	Sr Secured Notes	Fixed	10.00%		10/1/2019	\$ 9,914,000	9,914,000	9,914,000	0.90%	E/G/I
<b>Scheduled Air Transportation</b>										
Aircraft Leased to Delta Air Lines, Inc.										
N913DL	Aircraft Secured Mortgage	Fixed	8.00%		3/15/2017	\$ 226,723	226,723	232,220	0.02%	F
N918DL	Aircraft Secured Mortgage	Fixed	8.00%		8/15/2018	\$ 332,830	332,830	341,360	0.03%	F
N954DL	Aircraft Secured Mortgage	Fixed	8.00%		3/20/2019	\$ 450,991	450,991	461,380	0.04%	F
N955DL	Aircraft Secured Mortgage	Fixed	8.00%		6/20/2019	\$ 472,313	472,313	483,140	0.05%	F
N956DL	Aircraft Secured Mortgage	Fixed	8.00%		5/20/2019	\$ 470,291	470,291	481,440	0.04%	F

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	Aircraft Secured Mortgage								
N957DL	Aircraft Secured Mortgage	Fixed	8.00%	6/20/2019	\$ 476,444	476,444	487,560	0.04%	F
N959DL	Aircraft Secured Mortgage	Fixed	8.00%	7/20/2019	\$ 482,545	482,545	493,680	0.04%	F
N960DL	Aircraft Secured Mortgage	Fixed	8.00%	10/20/2019	\$ 504,728	504,728	516,120	0.05%	F
N961DL	Aircraft Secured Mortgage	Fixed	8.00%	8/20/2019	\$ 496,848	496,848	508,300	0.05%	F
N976DL	Aircraft Secured Mortgage	Fixed	8.00%	2/15/2018	\$ 330,316	330,316	338,640	0.03%	F
Aircraft Leased to United Airlines, Inc.									
N510UA	Aircraft Secured Mortgage	Fixed	20.00%	10/26/2016	\$ 256,135	256,135	299,915	0.03%	B
N512UA	Aircraft Secured Mortgage	Fixed	20.00%	10/26/2016	\$ 263,385	263,385	310,270	0.03%	B
N545UA	Aircraft Secured Mortgage	Fixed	16.00%	8/29/2015	\$ 139,224	139,224	147,345	0.01%	B
N659UA	Aircraft Secured Mortgage	Fixed	12.00%	2/28/2016	\$ 1,876,367	1,876,367	1,990,292	0.18%	F
N661UA	Aircraft Secured Mortgage	Fixed	12.00%	5/4/2016	\$ 2,073,525	2,073,525	2,227,375	0.20%	F
Mesa Air Group, Inc.	Acquisition Delayed Draw Loan	LIBOR (M)	7.25%	7/15/2022	\$	(271,500)	6,788		L
Mesa Air Group, Inc.	Acquisition Loan	LIBOR (M)	7.25%	7/15/2022	\$ 18,100,000	17,738,000	18,109,050	1.65%	
						26,319,165	27,434,875	2.49%	
<b>Scientific Research and Development Services</b>									
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	12.25%	4/1/2017	\$ 17,200,000	16,536,295	18,640,500	1.70%	E/G
<b>Semiconductor and Other Electronic</b>									

**Component Manufacturing**

Soraa, Inc.	Sr Secured Term Loan	LIBOR (M)	10.27%	9/1/2017	\$ 22,500,000	21,771,128	21,892,500	1.99%
SunEdison, Inc.	Senior Secured Letters of Credit	LIBOR (Q)	3.75%	2/28/2017	\$ 9,379,246	(1,031,717)	(937,925)	(0.09)% K/L
						20,739,411	20,954,575	1.90%

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Note
<b>Debt Investments (continued)</b>										
<b>Software Publishers</b>										
Acronis International GmbH (Switzerland)	First Lien Revolver	LIBOR (Q)	9.50%	1.00%	2/21/2017	\$ 5,634,068	\$ 5,634,068	\$ 5,634,068	0.51%	I
Acronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	9.50%	1.00%	2/21/2017	\$ 25,000,000	24,774,635	24,612,500	2.25%	I
ArcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	8.50%	0.50%	1/31/2020	\$ 30,000,000	29,418,442	29,760,000	2.72%	I
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	0.4% Cash + 7.6% PIK	1.50%	9/25/2018	\$ 13,318,777	12,589,982	13,438,646	1.22%	
Coreone Technologies, LLC	First Lien Term Loan	LIBOR (Q)	3.75% Cash + 5% PIK	1.00%	9/4/2018	\$ 14,077,353	13,829,562	13,929,541	1.27%	
Deltek, Inc.	Second Lien Term Loan	LIBOR (Q)	8.75%	1.25%	10/10/2019	\$ 15,000,000	14,824,557	15,237,450	1.39%	
Edmentum, Inc.	Second Lien Term Loan	LIBOR (Q)	9.75%	1.50%	5/17/2019	\$ 21,500,000	21,351,941	21,876,250	1.99%	
							122,423,187	124,488,455	11.35%	
<b>Specialty Hospitals</b>										
ABC Healthcare Analytics, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	7/1/2018	\$ 4,795,797	4,771,818	4,707,075	0.43%	
<b>Structured Note Funds</b>										
Magnolia Finance 7 plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	13.125%		8/2/2021	\$ 15,000,000	15,000,000	15,211,500	1.38%	E/I

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Investor	Instrument	Ref	Spread	Floor	Maturity	Principal Amount or Shares	Cost	Value	% Portfolio	Net
<b>Real Estate Investments (continued)</b>										
<b>Tile Furnishings Mills</b>										
Mark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	10.00%	1.00%	9/30/2018	\$ 15,758,531	\$ 15,431,697	\$ 15,994,909	1.46%	
<b>Utility System Construction</b>										
Wa Solar Holdings Limited	Revolving Credit Facility	Fixed	8.00%		7/2/2017	\$ 25,000,000	25,000,000	25,012,500	2.28%	
<b>Fixed Telecommunications Carriers</b>										
heus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 374,960	363,777	371,585	0.03%	
heus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 8,196,573	8,115,088	8,171,983	0.74%	
gra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	8.50%	1.25%	2/22/2020	\$ 15,000,000	14,728,136	15,225,000	1.39%	
							23,207,001	23,768,568	2.16%	
<b>Wireless Telecommunications Carriers</b>										
go, LLC	First Lien Term Loan	LIBOR (Q)	9.75%	1.50%	6/21/2017	\$ 19,209,212	18,646,792	20,457,811	1.86%	
go, LLC	First Lien Term Loan B-2	LIBOR (Q)	6.50%	1.00%	3/21/2018	\$ 5,524,797	5,418,641	5,607,669	0.51%	
							24,065,433	26,065,480	2.37%	
<b>Total Debt Investments</b>							1,036,294,182	1,041,145,246	94.73%	
<b>Equity Securities</b>										
<b>Business Support Services</b>										

lly Talent, LLC	Membership Units	708,229	230,938	162,184	0.02% C/
G-Fairway dings, LLC	Class A Units	841,479	943,287	2,435,661	0.22% C/
			1,174,225	2,597,845	0.24%
<b>Communications Equipment Manufacturing</b>					
sserstein Cosmos Invest, L.P.	Limited Partnership Units	5,000,000	5,000,000	4,375,000	0.40% B/
<b>Data Processing, Hosting, and Related Services</b>					
comp, Inc.	Class A Common Stock	1,255,527	26,711,048	878,869	0.08% C/
ntside Group, Ltd.	Warrants	498,855	2,778,622	2,391,002	0.22% C/
			29,489,670	3,269,871	0.30%
<b>Depository Credit Intermediation</b>					
al Financial poration (Puerto o)	Common Stock	53,890	11,699,417	357,828	0.03% C/
<b>Financial Investment Activities</b>					
sico dings, LLC	Common Interest Units	168,698	172,694	18,557	C/
<b>Full-Service Restaurants</b>					
Holdco, LLC	Membership Units	13,161,000	2,010,777		B/
<b>Machine Shops; Turned Product; and Screw, Nut, Bolt Manufacturing</b>					
ision dings, LLC	Class C Membership Interest	33		2,165	C/
<b>Nonmetallic Mineral Mining and Quarrying</b>					
MC HoldCo, LLC	Membership Units	1,312,720		682,614	0.06% B/
<b>Unscheduled Air Transportation</b>					
ght Options dings I, Inc.	Warrants to Purchase	1,843	1,274,000	3,180,876	0.29% C/

Common  
Stock

**Radio and Television Broadcasting**

V, Inc.

Warrants to  
Purchase  
Common  
Stock

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233,470

300,322

247,478

0.02% C/



**Special Value Continuation Partners, LP**  
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**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref Spread	Maturity	Principal Amount or Shares	Cost	Value	% Portfolio	Notes
<b>Equity Securities (continued)</b>								
<b>Retail</b>								
Shop Holding, LLC	Class A Units			\$ 507,167	\$ 480,049	\$ 276,862	0.03%	C/E
Shop Holding, LLC	Warrants to Purchase Class A Units			326,691		3		C/E
					480,049	276,865	0.03%	
<b>Scheduled Air Transportation</b>								
Aircraft Leased to Delta Air Lines, Inc.								
N913DL	Trust Beneficial Interests			937	89,178	119,680	0.01%	E/F
N918DL	Trust Beneficial Interests			776	98,106	137,713	0.01%	E/F
N954DL	Trust Beneficial Interests			728	115,597	71,400	0.01%	E/F
N955DL	Trust Beneficial Interests			705	115,011	111,860	0.01%	E/F
N956DL	Trust Beneficial Interests			710	114,963	107,440	0.01%	E/F
N957DL	Trust Beneficial Interests			705	115,695	108,120	0.01%	E/F
N959DL	Trust Beneficial Interests			699	116,425	109,140	0.01%	E/F

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N960DL	Trust Beneficial Interests	684	119,292	108,460	0.01% E/F
N961DL	Trust Beneficial Interests	694	118,520	103,020	0.01% E/F
N976DL	Trust Beneficial Interests	824	100,538	102,350	0.01% E/F
Aircraft Leased to United Airlines, Inc.					
N510UA	Trust Beneficial Interests	63	243,188	416,889	0.04% B/E
N512UA	Trust Beneficial Interests	62	237,703	408,217	0.04% B/E
N545UA	Trust Beneficial Interests	79	422,890	598,547	0.05% B/E
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	495	2,423,386	2,691,182	0.24% E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	481	2,375,446	2,708,220	0.25% E/F
			6,805,938	7,902,238	0.72%

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Unaudited) (Continued)**

September 30, 2014

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref Spread	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b><u>Equity Securities (continued)</u></b>								
<b>Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing</b>								
KAGY Holding Company, Inc.	Series A Preferred Stock			9,778	\$ 1,091,200	\$ 579,951	0.05%	B/C/E
<b>Semiconductor and Other Electronic Component Manufacturing</b>								
Ichor Systems Holdings, LLC	Membership Units			352		213,780	0.02%	C/E
Soraa, Inc.	Warrants to Purchase Common Stock			315,000	408,987	411,611	0.04%	C/E
					408,987	625,391	0.06%	
<b>Software Publishers</b>								
Blackline Intermediate, Inc.	Warrants			1,232,731	522,678	749,747	0.07%	C/E
<b>Wired Telecommunications Carriers</b>								
Integra Telecom, Inc.	Common Stock			1,274,522	8,433,885	5,200,177	0.47%	C/E
Integra Telecom, Inc.	Warrants			346,939	19,920	191,406	0.02%	C/E
V Telecom Investment S.C.A. (Luxembourg)	Common Shares			1,393	3,236,256	3,394,072	0.31%	C/D/E/I
					11,690,061	8,785,655	0.80%	
<b>Total Equity Securities</b>					<b>72,120,018</b>	<b>33,652,081</b>	<b>3.07%</b>	

<b>Total Investments</b>	1,108,414,200	1,074,797,327	97.80%
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### **Cash and Cash Equivalents**

Wells Fargo & Company Money Market Deposit Account	21,393,112	1.95%
Cash Denominated in Foreign Currencies	240,156	0.02%
Cash Held on Account at Various Institutions	2,510,807	0.23%

<b>Cash and Cash Equivalents</b>	24,144,075	2.20%
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<b>Total Cash and Investments</b>	\$ 1,098,941,402	100.00% M
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*Notes to Consolidated Statement of Investments:*

- (A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.
- (B) Non-controlled affiliate as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.
- (C) Non-income producing security.
- (D) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)

- (E) Restricted security. (See Note 2)
- (F) Controlled issuer as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% owned nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.
- (G) Investment has been segregated to collateralize certain unfunded commitments.
- (H) \$3,600,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.
- (I) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (J) Exempt from the definition of investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (K) Publicly traded company with a market capitalization greater than \$250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Statement of Investments (Unaudited) (Continued)**

**September 30, 2014**

**Showing Percentage of Total Cash and Investments of the Partnership**

(L) Negative balances relate to an unfunded commitment that was acquired at a discount.

(M) All cash and investments, except those referenced in Notes G above, are pledged as collateral under certain debt as described in Note 4 to the Consolidated Financial Statements.

LIBOR or EURIBOR resets monthly (M), quarterly (Q), or semiannually (S).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$486,041,022, and \$177,994,806, respectively, for the nine months ended September 30, 2014. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of September 30, 2014 was \$1,074,439,499, or 97.8% of total cash and investments of the Company.

Options and swaps at September 30, 2014 were as follows:

<b>Investment</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$ 1,327
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/2017	\$ 4,289,019	\$ 1,071,130

*See accompanying notes.*

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments**

**December 31, 2013**

Showing Percentage of Total Cash and Investments of the Partnership

<b>Issuer</b>	<b>Instrument</b>	<b>Ref</b>	<b>Spread</b>	<b>Floor</b>	<b>Maturity</b>	<b>Principal</b>	<b>Cost</b>	<b>Value</b>	<b>% of Portfolio</b>	<b>Notes</b>
<b>Debt Investments (A)</b>										
<b>Accounting, Tax Preparation, Bookkeeping, and Payroll Services</b>										
Expert Global Solutions, LLC	First Lien Term Loan	LIBOR (Q)	7.25%	1.25%	4/3/2018	\$ 699,754	\$ 701,280	\$ 703,691	0.09%	
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	11.00%	1.50%	10/3/2018	\$ 7,434,877	7,228,004	7,382,833	0.94%	
							7,929,284	8,086,524	1.03%	
<b>Advertising, Public Relations, and Related Services</b>										
Doubleplay III Limited (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	6.25%	1.25%	3/18/2018	€ 13,165,705	16,428,630	16,736,606	2.12%	D/J
<b>Architectural, Engineering, and Related Services</b>										
ESP Holdings, Inc.	Jr Unsecured Subordinated Promissory Notes	Fixed	6% Cash + 10% PIK		12/31/2019	\$ 7,959,369	7,959,369	7,959,369	1.01%	B/E
<b>Artificial Synthetic Fibers and Filaments Manufacturing</b>										
AGY Holding Corp.	Sr Secured Term Loan	Fixed	12.00%		9/15/2016	\$ 2,056,927	2,056,927	2,056,927	0.26%	B
AGY Holding Corporation	Second Lien Term Loan	Fixed	11.00%		11/15/2016	\$ 9,268,000	7,586,317	9,268,000	1.17%	B/E
							9,643,244	11,324,927	1.43%	
<b>Beverage Manufacturing</b>										
Carolina Beverage Group, LLC	Secured Notes	Fixed	10.625%		8/1/2018	\$ 7,780,000	7,780,000	8,207,900	1.04%	E
<b>Business Support Services</b>										
STG-Fairway Acquisitions, Inc.	Second Lien Term Loan	LIBOR (Q)	9.25%	1.25%	8/28/2019	\$ 14,643,455	13,944,123	14,929,002	1.89%	
<b>Chemical Manufacturing</b>										

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Archroma	Term Loan B	LIBOR (Q)	8.25%	1.25%	9/30/2018	\$ 17,456,250	17,107,125	17,401,699	2.20%
<b>Communications Equipment Manufacturing</b>									
Globecomm Systems Inc.	First Lien Term Loan	LIBOR (Q)	7.625%	1.25%	12/11/2018	\$ 15,000,000	14,850,000	15,097,500	1.91% B
<b>Computer Equipment Manufacturing</b>									
ELO Touch Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	10.50%	1.50%	12/1/2018	\$ 10,000,000	9,666,672	9,100,000	1.15%
<b>Converted Paper Products Manufacturing</b>									
Ranpak Corp.	Second Lien Term Loan	LIBOR (Q)	7.25%	1.25%	4/23/2020	\$ 3,469,573	3,434,877	3,573,660	0.45%
<b>Computer Systems Design and Related Services</b>									
Blue Coat Systems	First Lien Revolver	LIBOR (Q)	3.50%	1.00%	5/31/2018	\$ 4,500,000	3,540,000	4,060,800	0.51% L
Blue Coat Systems	Second Lien Term Loan	LIBOR (Q)	8.50%	1.00%	6/28/2020	\$ 15,000,000	14,878,125	15,300,000	1.94%
OnX Enterprise Solutions, Ltd.	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 10,640,000	10,483,300	10,709,160	1.36%
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	7.00%		9/3/2018	\$ 5,320,000	5,244,790	5,354,580	0.68%
Websense, Inc.	Second Lien Term Loan	LIBOR (Q)	7.25%	1.00%	12/27/2020	\$ 7,200,000	7,164,000	7,218,000	0.91%
							41,310,215	42,642,540	5.40%
<b>Data Processing, Hosting, and Related Services</b>									
The Telx Group, Inc.	Senior Unsecured Notes	Fixed	10% Cash + 2% PIK		9/26/2019	\$ 7,098,916	6,960,435	7,631,335	0.97% E
Panda Sherman Power, LLC	First Lien Term Loan	LIBOR (Q)	7.50%	1.50%	9/14/2018	\$ 11,070,172	10,932,474	11,402,277	1.44%
Panda Temple Power II, LLC	First Lien Term Loan	LIBOR (Q)	6.00%	1.25%	4/3/2019	\$ 5,892,970	5,834,041	6,069,759	0.77%
							16,766,515	17,472,036	2.21%
<b>Electrical Equipment and Component Manufacturing</b>									
Palladium Energy, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	12/26/2027	\$ 16,500,317	16,225,541	16,426,066	2.08%
<b>Fabricated Metal Product Manufacturing</b>									
Constellation Enterprises, LLC	First Lien Notes	Fixed	10.625%		2/1/2016	\$ 12,500,000	12,322,875	10,875,000	1.38% E/G



**Financial Investment Activities**

Marsico Capital Management	First Lien Term Loan	LIBOR (M)	5.00%	12/31/2022	\$ 10,637,623	13,394,183	3,882,732	0.49% K
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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Continued)**

December 31, 2013

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Freight Transportation Arrangement</b>									
Livingston									
International, Inc. (Canada)	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/18/2020	\$ 3,665,217	\$ 3,597,620	\$ 3,756,848	0.48% J
<b>Full-Service Restaurants</b>									
RM Holdco, LLC	Subordinated Convertible Term Loan	Fixed	1.12% PIK		3/21/2018	\$ 5,164,796	5,164,796	2,197,621	0.28% B
RM OpCo, LLC	Convertible Second Lien Term Loan	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 1,370,199	1,339,883	1,370,199	0.17% B
RM OpCo, LLC	First Lien Term Loan	Fixed	11.00%		3/21/2016	\$ 3,626,947	3,626,947	3,626,947	0.46% B
RM OpCo, LLC	Second Lien Term Loan	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 6,825,328	6,825,328	6,825,328	0.86% B
RM OpCo, LLC	Second Lien Term Loan	Fixed	12% Cash + 7% PIK		3/21/2016	\$ 2,150,088	2,109,019	2,150,088	0.27% B
							19,065,973	16,170,183	2.04%
<b>Gaming Industries</b>									
AP Gaming I, LLC	First Lien Term Loan	LIBOR (Q)	8.25%	1.00%	12/20/2020	\$ 15,000,000	14,550,000	14,737,500	1.87%
<b>Grocery Stores</b>									
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	9.35%	1.50%	12/28/2015	\$ 14,843,788	14,802,168	15,066,445	1.91%

**Inland Water Transportation**

	First Lien									
	Term Loan	LIBOR								
US Shipping Corp	B	(Q)	7.75%	1.25%	4/30/2018	\$ 12,603,333	12,477,300	12,965,679	1.64%	

**Insurance Related Activities**

Confie Seguros Holding II Co.	Second Lien	LIBOR								
	Term Loan	(Q)	9.00%	1.25%	5/8/2019	\$ 6,341,809	6,245,733	6,391,370	0.81%	

**Merchant Wholesalers**

Envision Acquisition Company, LLC	Second Lien	LIBOR								
	Term Loan	(Q)	8.75%	1.00%	11/4/2021	\$ 9,079,011	8,897,430	9,192,498	1.16%	

**Metal Ore Mining**

	First Priority									
	Senior									
	Secured									
St Barbara Ltd. (Australia)	Notes	Fixed	8.875%		4/15/2018	\$ 7,359,000	7,326,651	6,144,765	0.78%	E

**Motion Picture and Video Industries**

CORE Entertainment, Inc.	First Lien									
	Term Loan	Fixed	9.00%		6/21/2017	\$ 9,462,231	9,381,116	8,610,631	1.09%	

CORE Entertainment, Inc.	Second Lien									
	Term Loan	Fixed	13.50%		6/21/2018	\$ 7,569,785	7,502,054	6,858,225	0.88%	

16,883,170 15,468,856 1.97%

**Newspaper, Periodical, Book, and Directory Publishers**

	First Lien									
	FILO Term	LIBOR								
Hanley-Wood, LLC	Loan	(Q)	6.75%	1.25%	7/15/2018	\$ 16,707,600	16,707,600	16,699,246	2.13%	

MediMedia USA, Inc.	First Lien	LIBOR								
	Revolver	(M)	6.75%		5/20/2018	\$ 4,960,000	3,797,500	4,523,908	0.57%	

MediMedia USA, Inc.	First Lien	LIBOR								
	Term Loan	(M)	6.75%	1.25%	11/20/2018	\$ 9,701,250	9,433,029	9,458,719	1.20%	

29,938,129 30,681,873 3.90%

**Nondepository Credit Intermediation**

Caribbean Financial Group (Cayman Islands)	Senior									
	Secured									
	Notes	Fixed	11.50%		11/15/2019	\$ 10,000,000	9,824,072	10,700,000	1.35%	E

Trade Finance Funding I, Ltd. (Cayman Islands)	Secured									
	Class B									
	Notes	Fixed	10.75%		11/13/2018	\$ 15,000,000	15,000,000	14,962,500	1.90%	E/J

24,824,072 25,662,500 3.25%

**Nonresidential Building Construction**

NCM Group Holdings, LLC	First Lien Term Loan	LIBOR (Q)	11.50%	1.00%	8/29/2018	\$ 10,000,000	9,620,619	9,875,000	1.25%
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**Nonscheduled Air Transportation**

One Sky Flight, LLC	Second Lien Term Loan	LIBOR Cash + 3% Fixed PIK			5/4/2019	\$ 18,200,000	16,929,086	17,708,600	2.24%
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**Oil and Gas Extraction**

Willbros Group, Inc.	First Lien Term Loan	LIBOR (Q)	9.75%	1.25%	8/7/2019	\$ 15,426,118	15,051,713	15,657,510	1.98%
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**Other Telecommunications**

Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	7.75%	1.25%	4/30/2021	\$ 14,000,000	13,860,000	13,925,660	1.76%
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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Continued)**

December 31, 2013

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio Notes
<b>Debt Investments (continued)</b>									
<b>Petroleum and Coal Products Manufacturing</b>									
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	9.50%	1.50%	10/11/2017	\$ 7,749,023	\$ 7,563,978	\$ 7,477,807	0.95%
<b>Plastics Products Manufacturing</b>									
Iracore International, Inc.	Senior Secured Notes	Fixed	9.50%		6/1/2018	\$ 13,600,000	13,600,000	14,426,622	1.83% E
<b>Professional, Scientific, and Technical Services</b>									
Connolly, LLC	Second Lien Term Loan	LIBOR (Q)	9.25%	1.25%	7/15/2019	\$ 12,000,000	11,829,534	12,270,000	1.55%
ConvergeOne Holdings	First Lien Term Loan	LIBOR (Q)	8.00%	1.25%	5/8/2019	\$ 12,654,643	12,464,823	12,570,236	1.59%
							24,294,357	24,840,236	3.14%
<b>Promoters of Performing Arts, Sports, and Similar Events</b>									
Stadium Management Group	Second Lien Term Loan	LIBOR (M)	9.50%	1.25%	12/7/2018	\$ 11,000,000	10,817,390	11,055,000	1.40%
<b>Radio and Television Broadcasting</b>									
SiTV, Inc.	First Lien Term Loan	LIBOR (Q)	6% Cash + 4% PIK	2.00%	8/3/2016	\$ 6,995,124	6,648,634	6,774,778	0.86%
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	8.50%		5/29/2017	\$ 17,589,459	17,134,705	17,615,843	2.23%
							23,783,339	24,390,621	3.09%

**Retail**

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Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	10.40%	1.00%	9/25/2017	\$ 11,272,727	11,051,496	11,329,090	1.44%
	Second Lien Term Loan	LIBOR (Q)	9.50%		3/31/2016	\$ 6,710,057	6,525,027	6,683,216	0.85%
							17,576,523	18,012,306	2.29%

**Satellite Telecommunications**

Avanti Communications Group, PLC (United Kingdom)	Senior Secured Notes	Fixed	10.00%		10/1/2019	\$ 9,914,000	9,914,000	10,335,345	1.31% E/H/J
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**Scheduled Air Transportation**

Aircraft Leased to Delta Air Lines, Inc.									
N913DL	Aircraft Secured Mortgage	Fixed	8.00%		3/15/2017	\$ 289,048	289,048	296,820	0.04% F
N918DL	Aircraft Secured Mortgage	Fixed	8.00%		8/15/2018	\$ 388,001	388,001	397,290	0.05% F
N954DL	Aircraft Secured Mortgage	Fixed	8.00%		3/20/2019	\$ 514,375	514,375	524,620	0.07% F
N955DL	Aircraft Secured Mortgage	Fixed	8.00%		6/20/2019	\$ 533,283	533,283	543,320	0.07% F
N956DL	Aircraft Secured Mortgage	Fixed	8.00%		5/20/2019	\$ 532,275	532,275	542,640	0.07% F
N957DL	Aircraft Secured Mortgage	Fixed	8.00%		6/20/2019	\$ 537,947	537,947	548,250	0.07% F
N959DL	Aircraft Secured Mortgage	Fixed	8.00%		7/20/2019	\$ 543,573	543,573	553,520	0.07% F
N960DL	Aircraft Secured Mortgage	Fixed	8.00%		10/20/2019	\$ 564,855	564,855	574,430	0.07% F
N961DL	Aircraft Secured Mortgage	Fixed	8.00%		8/20/2019	\$ 558,427	558,427	568,310	0.07% F
N976DL	Aircraft Secured Mortgage	Fixed	8.00%		2/15/2018	\$ 394,360	394,360	404,600	0.05% F

Aircraft Leased to  
United  
Airlines, Inc.

N510UA	Aircraft Secured Mortgage	Fixed	20.00%	10/26/2016	\$ 328,848	328,848	404,605	0.05% B
N512UA	Aircraft Secured Mortgage	Fixed	20.00%	10/26/2016	\$ 334,535	334,535	414,010	0.05% B
N536UA	Aircraft Secured Mortgage	Fixed	16.00%	9/29/2014	\$ 108,845	108,845	114,000	0.01% B
N545UA	Aircraft Secured Mortgage	Fixed	16.00%	8/29/2015	\$ 249,695	249,695	275,405	0.03% B
N585UA	Aircraft Secured Mortgage	Fixed	20.00%	10/25/2016	\$ 392,794	392,794	486,115	0.06% B
N659UA	Aircraft Secured Mortgage	Fixed	12.00%	2/28/2016	\$ 2,708,150	2,708,150	2,948,986	0.37% F
N661UA	Aircraft Secured Mortgage	Fixed	12.00%	5/4/2016	\$ 2,880,186	2,880,186	3,171,026	0.40% F
						11,859,197	12,767,947	1.60%

**Scientific Research and Development Services**

BPA Laboratories, Inc.	Senior Secured Notes	Fixed	12.25%	4/1/2017	\$ 17,200,000	16,536,295	17,630,000	2.23% E
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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Continued)**

December 31, 2013

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref	Spread	Floor	Maturity	Principal	Cost	Value	% of Portfolio	Net
<b>Not Investments (continued)</b>										
<b>Semiconductor and Other Electronic Component Manufacturing</b>										
Altera USA Corporation	Senior Secured Term Loan B	LIBOR (Q)	8.25% 0.4% Cash	1.00%	11/29/2018	\$ 14,583,333	\$ 14,366,560	\$ 14,729,167	1.87%	
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	+ 7.6% PIK 3.75% Cash	1.50%	9/25/2018	\$ 12,579,747	11,811,044	12,183,485	1.56%	
Coreone Technologies, LLC	First Lien Term Loan	LIBOR (Q)	+ 5% PIK	1.00%	9/14/2018	\$ 13,556,801	13,243,533	13,455,125	1.72%	
Genetec, Inc.	Second Lien Term Loan	LIBOR (Q)	8.75%	1.25%	10/10/2019	\$ 15,000,000	14,805,253	15,300,000	1.94%	
Intermentum, Inc.	Second Lien Term Loan	LIBOR (Q)	9.75%	1.50%	5/17/2019	\$ 15,000,000	14,748,486	15,112,500	1.91%	
							54,608,316	56,051,110	7.13%	
<b>Specialty Hospitals</b>										
Healthcare Analytics, Inc.	First Lien Term Loan	LIBOR (Q)	9.00%	1.00%	7/1/2018	\$ 5,526,021	5,498,391	5,559,177	0.70%	
Montage Technology, LLC	Senior Secured Notes	Fixed	9.50%		6/15/2017	\$ 5,000,000	5,000,000	5,137,500	0.65%	E
							10,498,391	10,696,677	1.35%	
<b>Structured Note Funds</b>										
Ignolia Finance plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	13.125%		8/2/2021	\$ 15,000,000	15,000,000	15,000,000	1.90%	E/3
<b>Textile Furnishings Mills</b>										
			10.00%	1.00%	9/30/2018	\$ 16,351,467	15,942,680	16,392,346	2.08%	



Mark Carpet s, Inc.	First Lien Term Loan	LIBOR (Q)								
<b>Fixed Telecommunications Carriers</b>										
egra Telecom dings, Inc.	Second Lien Term Loan	LIBOR (Q)	8.50%	1.25%	2/22/2020	\$ 15,000,000	14,701,027	15,459,375	1.96%	
<b>Wireless Telecommunications Carriers</b>										
heus mmunications, LLC	First Lien Delayed FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$	(11,183)	(8,437)		M
heus mmunications, LLC	First Lien FILO Term Loan	LIBOR (Q)	6.92%	1.00%	5/31/2018	\$ 8,248,124	8,166,127	8,186,263	1.04%	
lobalive Wireless agement Corp. (Canada)	First Lien Term Loan	LIBOR (Q)	10.90%		4/30/2014	\$ 3,037,292	2,933,872	3,067,665	0.39%	J
go, LLC	First Lien Term Loan	LIBOR (Q)	9.75%	1.50%	6/21/2017	\$ 19,587,428	18,707,700	21,252,360	2.69%	
							29,796,516	32,497,851	4.12%	
<b>Total Debt</b>										
<b>Investments</b>							720,651,321	726,514,593	92.05%	

**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Continued)**

December 31, 2013

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref Spread	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b>Equity Securities</b>								
<b>Architectural, Engineering, and Related Services</b>								
ESP Holdings, Inc.	Cumulative Preferred 15%			20,297	\$ 2,249,930	\$ 3,947,862	0.51%	B/C/E
ESP Holdings, Inc., Common Stock	Common Stock			88,670	9,311,782	2,856,346	0.36%	B/C/E
					11,561,712	6,804,208	0.87%	
<b>Business Support Services</b>								
STG-Fairway Holdings	Class A Units			841,479	1,174,225	1,722,508	0.22%	C/E
Wasserstein Cosmos Co-Invest, L.P.	Limited Partnership Units			5,000,000	5,000,000	5,000,000	0.64%	B/C/E
					6,174,225	6,722,508	0.86%	
<b>Data Processing, Hosting, and Related Services</b>								
Anacomp, Inc.	Class A Common Stock			1,255,527	26,711,048	1,004,422	0.13%	B/C/E
<b>Depository Credit Intermediation</b>								
Doral Financial Corporation	Common Stock			53,890	11,699,417	843,913	0.11%	C/L
<b>Financial Investment Activities</b>								
Marsico Holdings, LLC	Common Interest Units			168,698	172,694	4,302		C/E/K
<b>Full-Service Restaurants</b>								
RM Holdco, LLC	Membership Units			13,161,000	2,010,777			B/C/E
<b>Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing</b>								

Precision Holdings, LLC	Class C Membership Interests	33	41,645	0.01% C/E
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**Nonmetallic Mineral Mining and Quarrying**

EPMC HoldCo, LLC	Membership Units	1,312,720	1,562,137	0.20% B/E
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**Nonscheduled Air Transportation**

Flight Options Holdings I, Inc.	Warrants to Purchase Common Stock	1,843	1,274,000	1,268,904	0.16% C/E
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**Radio and Television Broadcasting**

SiTV, Inc.	Warrants to Purchase Common Stock	233,470	300,322	354,874	0.04% C/E
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**Retail**

Shop Holding, LLC	Class A Unit	490,037	462,576	532,919	0.07% C/E
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Shop Holding, LLC	Warrants to Purchase Class A Unit	326,691		38,258	C/E
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		462,576	571,177	0.07%
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**Scheduled Air Transportation**

Aircraft Leased to Delta Air Lines, Inc.

N913DL	Trust Beneficial Interests	727	97,376	125,970	0.02% E/F
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N918DL	Trust Beneficial Interests	623	109,938	142,970	0.02% E/F
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N954DL	Trust Beneficial Interests	591	133,027	68,000	0.01% E/F
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N955DL	Trust Beneficial Interests	576	133,868	113,560	0.01% E/F
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N956DL	Trust Beneficial Interests	580	133,907	108,800	0.01% E/F
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N957DL	Trust Beneficial Interests	576	134,785	109,650	0.01% E/F
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N959DL	Trust Beneficial Interests	573	135,658	110,500	0.01% E/F
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	Trust Beneficial Interests				
N960DL	Trust Beneficial Interests	563	139,173	109,650	0.01% E/F
N961DL	Trust Beneficial Interests	570	138,350	103,870	0.01% E/F
N976DL	Trust Beneficial Interests	654	113,413	103,033	0.01% E/F
Aircraft Leased to United Airlines, Inc.					
N510UA	Trust Beneficial Interests	54	197,409	465,625	0.06% B/E
N512UA	Trust Beneficial Interests	53	193,046	458,277	0.06% B/E
N536UA	Trust Beneficial Interests	81	396,289	656,766	0.08% B/E
N545UA	Trust Beneficial Interests	67	348,071	641,840	0.08% B/E
N585UA	Trust Beneficial Interests	53	214,737	571,706	0.07% B/E
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	412	2,097,640	2,840,323	0.36% E/F
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	400	2,066,062	2,852,677	0.36% E/F
			6,782,749	9,583,217	1.19%

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statement of Investments (Continued)**

December 31, 2013

Showing Percentage of Total Cash and Investments of the Partnership

Issuer	Instrument	Ref Spread	Floor	Maturity	Shares	Cost	Value	% of Portfolio	Notes
<b><u>Equity Securities (continued)</u></b>									
<b>Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing</b>									
KAGY Holding Company, Inc.	Series A Preferred Stock				9,778	\$ 1,091,200	\$ 662,134	0.08%	B/C/E
<b>Semiconductor and Other Electronic Component Manufacturing</b>									
AIP/IS Holdings, LLC	Membership Units				352		229,504	0.03%	C/E
<b>Software Publishers</b>									
SLS Breeze Intermediate Holdings, Inc.	Warrants to Purchase Common Stock				1,232,731	522,678	561,632	0.07%	C/E
<b>Wired Telecommunications Carriers</b>									
Integra Telecom, Inc.	Common Stock				1,274,522	8,433,884	5,583,686	0.72%	C/E
Integra Telecom, Inc.	Warrants				346,939	19,920	194,050	0.02%	C/E
V Telecom Investment S.C.A (Luxembourg)	Common Shares				1,393	3,236,256	3,756,053	0.48%	C/D/E/J
						11,690,060	9,533,789	1.22%	
<b>Total Equity Securities</b>						80,453,458	39,748,366	5.04%	
<b>Total Investments</b>						801,104,779	766,262,959		

**Cash and Cash Equivalents**

Wells Fargo & Company	Overnight Repurchase Agreement	Fixed	0.09%	1/2/2014	\$ 10,501,688	1.33%
Union Bank of California	Commercial Paper	Fixed	0.10%	1/2/2014	8,499,976	1.07%
Cash						
Denominated in Foreign Currencies					121,389	0.02%
Cash Held on Account at Various Institutions					3,861,129	0.49%

**Cash and Cash Equivalents**

22,984,182 2.91%

**Total Cash and Investments**

\$ 789,247,141 100.00%I

*Notes to Consolidated Statement of Investments:*

- (A) Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.
- (B) Non-controlled affiliate as defined under the Investment Company Act of 1940 (ownership of between 5% and 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.
- (C) Non-income producing security.
- (D) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)
- (E) Restricted security. (See Note 2)

- (F) Controlled issuer as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% owned nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.
- (G) Investment has been segregated to collateralize certain unfunded commitments.
- (H) \$2,000,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.
- (I) All cash and investments, except those referenced in Notes G and H above, are pledged as collateral under the Revolving Facilities as described in Note 4 to the Consolidated Financial Statements.
- (J) Non-U.S. company or principal place of business outside the U.S. and as a result is not qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Partnership may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (K) Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a result is not qualifying under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Partnership may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Partnership 's total assets.
- (L) Publicly traded company with a market capitalization greater than \$250 million and as a result is not qualifying under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Partnership may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Partnership 's total assets.
- (M) Negative balances relate to an unfunded commitment that was acquired at a discount.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Statement of Investments (Continued)**

**December 31, 2013**

**Showing Percentage of Total Cash and Investments of the Partnership**

LIBOR or EURIBOR resets monthly (M), quarterly (Q), or semiannually (S).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$471,087,319, and \$235,641,665, respectively for the year ended December 31, 2013. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of December 31, 2013 was \$765,419,046, or 97.0% of total cash and investments of the Partnership.

Options and Swaps at December 31, 2013 were as follows:

<b>Investment</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$ 14,139
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/17	\$ 4,289,019	\$ (331,183)

*See accompanying notes*

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Statements of Operations (Unaudited)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Investment income</b>				
Interest income:				
Companies less than 5% owned	\$ 24,699,976	\$ 14,257,066	\$ 65,174,101	\$ 41,745,035
Companies 5% to 25% owned	1,728,834	1,938,950	4,423,013	4,035,115
Companies more than 25% owned	214,091	293,711	706,553	936,296
Dividend income:				
Companies 5% to 25% owned			1,968,748	
Other income:				
Companies less than 5% owned	210,622	529,011	1,164,938	1,105,959
Companies 5% to 25% owned	74,038	85,983	282,581	305,739
Companies more than 25% owned	262,905	183,650	726,477	495,165
Total investment income	27,190,466	17,288,371	74,446,411	48,623,309
<b>Operating expenses</b>				
Management and advisory fees	3,513,238	2,205,517	9,504,317	6,110,550
Interest expense	1,027,640	340,711	2,252,933	663,820
Administrative expenses	392,794	256,806	1,029,069	592,422
Amortization of deferred debt issuance costs	375,316	218,764	1,151,598	470,242
Commitment fees	243,147	85,749	650,209	146,843
Legal fees, professional fees and due diligence expenses	167,646	145,960	542,232	226,718
Director fees	58,930	50,986	171,289	147,045
Insurance expense	56,000	36,694	135,276	89,261
Custody fees	53,494	44,901	163,400	102,802
Other operating expenses	169,329	92,266	361,892	235,142
Total operating expenses	6,057,534	3,478,354	15,962,215	8,784,845
<b>Net investment income</b>	21,132,932	13,810,017	58,484,196	39,838,464
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>				
Net realized gain (loss):				
Investments in companies less than 5% owned	544,212	804,482	(5,317,388)	(2,773,020)
Investments in companies 5% to 25% owned	383,670		383,670	
Net realized gain (loss)	927,882	804,482	(4,933,718)	(2,773,020)
Net change in net unrealized appreciation/depreciation	(5,433,060)	2,132,565	2,596,620	8,723,819
Net realized and unrealized gain (loss)	(4,505,178)	2,937,047	(2,337,098)	5,950,799

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Dividends on Series A preferred equity facility	(357,451)	(364,043)	(1,083,263)	(1,131,014)
Net change in accumulated dividends on Series A preferred equity facility	(4,718)	(23,939)	5,394	(7,928)
<b>Net increase in net assets applicable to common limited and general partners resulting from operations</b>	<b>\$ 16,265,585</b>	<b>\$ 16,359,082</b>	<b>\$ 55,069,229</b>	<b>\$ 44,650,321</b>

*See accompanying notes.*

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Changes in Net Assets**

	<b>Nine Months Ended September 30, 2014</b>		
	<b>(Unaudited)</b>		
		<b>Common</b>	<b>General</b>
	<b>Total</b>	<b>Limited</b>	<b>Partner</b>
		<b>Partner</b>	<b>Partner</b>
Net assets applicable to common limited and general partners, beginning of year	\$ 552,263,625	\$ 551,095,042	\$ 1,168,583
Contributions from common limited partner	208,582,388	208,582,388	
Net investment income	58,484,196	47,400,784	11,083,412
Net realized loss	(4,933,718)	(3,946,974)	(986,744)
Net change in unrealized appreciation/depreciation	2,596,620	2,077,296	519,324
Dividends paid on preferred equity facility	(1,083,263)	(866,610)	(216,653)
Net change in accumulated dividends on preferred equity facility	5,394	4,315	1,079
Net increase in net assets applicable to common limited and general partners resulting from operations	55,069,229	44,668,811	10,400,418
Distributions to common limited and general partners from:			
Net investment income	(56,525,309)	(45,657,472)	(10,867,837)
Net assets applicable to common limited and general partners, end of period (including accumulated net investment income of \$27,731,167, \$27,380,652 and \$350,515, respectively)	\$ 759,389,933	\$ 758,688,769	\$ 701,164

	<b>Year Ended December 31, 2013</b>		
		<b>Common</b>	<b>General</b>
	<b>Total</b>	<b>Limited</b>	<b>Partner</b>
		<b>Partner</b>	<b>Partner</b>
Net assets applicable to common limited and general partners, beginning of year	\$ 317,209,574	\$ 317,209,574	\$
Contributions from common limited partner	225,201,350	225,201,350	
Net investment income	56,340,223	45,474,169	10,866,054
Net realized loss	(47,384,746)	(37,907,797)	(9,476,949)
Net change in unrealized appreciation/depreciation	56,456,107	45,164,886	11,291,221
Dividends paid on preferred equity facility	(1,516,585)	(1,213,268)	(303,317)
Net change in accumulated dividends on preferred equity facility	22,033	17,626	4,407
Net increase in net assets applicable to common limited and general partners resulting from operations	63,917,032	51,535,616	12,381,416
Distributions to common limited and general partners from:			
Net investment income	(53,418,640)	(42,851,498)	(10,567,142)
Realized gains	(645,691)		(645,691)
Net assets applicable to common limited and general partners, end of period (including accumulated net investment income of \$26,850,149, \$26,499,634 and	\$ 552,263,625	\$ 551,095,042	\$ 1,168,583

\$350,515, respectively)

*See accompanying notes.*

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Statements of Cash Flows (Unaudited)**

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>		
Net increase in net assets applicable to common shareholders resulting from operations	\$ 55,069,229	\$ 44,650,321
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash used in operating activities:		
Net realized loss	4,933,718	2,773,020
Net change in unrealized appreciation/depreciation of investments	(2,614,461)	(8,675,023)
Dividends paid on Series A preferred equity facility	1,083,263	1,131,014
Net change in accumulated dividends on Series A preferred equity facility	(5,394)	7,928
Accretion of original issue discount on investments	(3,044,889)	(1,703,018)
Net accretion of market discount/premium	(1,152,021)	(674,077)
Interest and dividend income paid in kind	(4,366,287)	(1,248,459)
Amortization of deferred debt issuance costs	1,151,598	470,242
Changes in assets and liabilities:		
Purchases of investment securities	(481,674,735)	(353,293,497)
Proceeds from sales, maturities and paydowns of investments	177,994,806	176,516,172
Increase in accrued interest income companies less than 5% owned	(3,394,734)	(2,346,218)
Increase in accrued interest income companies 5% to 25% owned	(235,265)	(321,152)
Decrease in accrued interest income companies more than 25% owned	9,790	8,749
Decrease in receivable for investments sold	3,605,964	6,439,614
Increase in prepaid expenses and other assets	(871,593)	(343,025)
Increase (decrease) in payable for investments purchased	(13,456,911)	15,103,635
Increase (decrease) in payable to the Investment Manager	(4,766)	121,709
Increase in payable to parent	101,872	
Increase in interest payable	394,868	170,674
Increase in accrued expenses and other liabilities	209,489	234,692
<b>Net cash used in operating activities</b>	<b>(266,266,459)</b>	<b>(120,976,699)</b>
<b>Financing activities</b>		
Borrowings	411,500,000	191,000,000
Repayments of debt	(293,000,000)	(115,000,000)
Payments of debt issuance costs	(2,496,168)	(3,058,502)
Dividends paid on Series A preferred equity facility	(1,083,263)	(1,131,014)
Dividends paid to common limited partner	(45,657,472)	(29,917,788)
Distributions of incentive allocation to the General Partner	(10,419,133)	(5,199,777)
Contributions from the common limited partner	208,582,388	78,815,250
<b>Net cash provided by financing activities</b>	<b>267,426,352</b>	<b>115,508,169</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,159,893</b>	<b>(5,468,530)</b>
Cash and cash equivalents at beginning of period	22,984,182	18,035,189
<b>Cash and cash equivalents at end of period</b>	<b>\$ 24,144,075</b>	<b>\$ 12,566,659</b>

**Supplemental cash flow information**

Interest payments	\$	1,858,065	\$	493,146
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*See accompanying notes*

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**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited)**

**September 30, 2014**

**1. Organization and Nature of Operations**

Special Value Continuation Partners, LP (the "Partnership") a Delaware limited partnership, commenced operations on July 31, 2006 as an externally managed, closed-end, non-diversified management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). On April 2, 2012, the Partnership elected to be treated as a business development company ("BDC") under the 1940 Act (the "Conversion"). The Partnership's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection.

Investment operations are conducted either directly in the Partnership or in one of the Partnership's wholly owned subsidiaries, TCPC Funding I, LLC, a Delaware limited liability company ("TCPC Funding") and TCPC SBIC, LP, a Delaware limited partnership (the "SBIC"). The SBIC was organized in June 2013, and on April 22, 2014, received a license from the United States Small Business Administration (the "SBA") to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958. The Partnership, TCPC Funding, and the SBIC invest primarily in the debt of middle-market companies, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, the Partnership, TCPC Funding, and the SBIC may make equity investments directly. The Partnership, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes. TCP Capital Corp. ("TCPC") owns the entire common limited partner interest in the Partnership. TCPC has also elected to be treated as a business development company under the 1940 Act.

The general partner of the Partnership is SVOF/MM, LLC, which also serves as the administrator of TCPC and the Partnership (the "Administrator" or the "General Partner"). The managing member of the General Partner is Tennenbaum Capital Partners, LLC, which serves as the Investment Manager to TCPC, the Partnership, TCPC Funding and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Investment Manager and its employees.

Partnership management consists of the General Partner and the Board of Directors. The General Partner directs and executes the day-to-day operations of the Partnership subject to oversight from the Board of Directors, which performs certain functions required by the 1940 Act. The Board of Directors has delegated investment management of the Partnership's assets to the Investment Manager. The Board of Directors consists of five persons, three of whom are independent. If the Partnership has preferred limited partner interests outstanding, as it currently does, the holders of the preferred limited partner interests voting separately as a class are entitled to elect two of the Directors. The remaining directors will be subject to election by holders of the common limited partner interests and preferred limited partner interests voting together as a single class.

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**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The consolidated financial statements of the Partnership include the accounts of the Partnership, TCPC Funding and the SBIC and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The following is a summary of the significant accounting policies of the Partnership.

***Use of Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and differences could be material.

***Investment Valuation***

Management values investments at fair value based upon the principles and methods of valuation set forth in policies adopted by the Board of Directors and in conformity with procedures set forth in the Revolving Facilities and the statement of preferences for the Preferred Interests, as defined in Note 4, below. Fair value is generally defined as the amount for which an investment would be sold in an orderly transaction between market participants at the measurement date.

All investments are valued at least quarterly based on affirmative pricing or quotations from independent third-party sources, with the exception of investments priced directly by the Investment Manager which together comprise, in total, less than 5% of the capitalization of the Partnership. Investments listed on a recognized exchange or market quotation system, whether U.S. or foreign, are valued for financial reporting purposes as of the last business day of the reporting period using the closing price on the date of valuation. Liquid investments not listed on a recognized exchange or market quotation system are valued using prices provided by a nationally recognized pricing service or by using quotations from broker-dealers. Investments not priced by a pricing service or for which market quotations are either not readily available or are determined to be unreliable are valued using affirmative valuations performed by independent valuation services or, for investments aggregating less than 5% of the total capitalization of the Partnership, directly by the Investment Manager.

Fair valuations of investments are determined under our documented valuation policy that has been reviewed and approved by the Board of Directors, and are subject to their approval in good faith. Generally, to increase objectivity in valuing investments, the Investment Manager will utilize external measures of value, such as public markets or third-party transactions, whenever possible. The Investment Manager's valuation is not based on long-term work-out value, immediate liquidation value, nor incremental value for potential changes that may take place in the future. The values assigned to investments that are valued by the Investment Manager are based on available information and do not necessarily

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (Continued)**

represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated. The foregoing policies apply to all investments, including those in companies and groups of affiliated companies aggregating more than 5% of the Partnership's assets.

Fair valuations of investments in each asset class are determined using one or more methodologies including the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that may be taken into account include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, M&A comparables, our principal market and enterprise values, among other factors.

Unobservable inputs used in the fair value measurement of Level 3 investments as of September 30, 2014 included the following:

<b>Asset Type</b>	<b>Fair Value</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range (Weighted Avg.)</b>
Bank Debt	\$ 508,251,512	Market rate approach	Market yields Indicative	3.8% - 18.9% (11.2%)
	213,520,856	Market quotations	bid/ask quotes	1 - 3 (1)
Other Corporate Debt	14,692,216	Market comparable companies	Revenue multiples	0.4x (0.4x)
	2,298,418	Market comparable companies	EBITDA multiples	7.8x (7.8x)
Debt	65,899	Market rate approach	Market yields Indicative	19.0% (19.0%)
	43,816,750	Market quotations	bid/ask quotes	1 (1)
Equity	12,969,876	Market comparable companies	EBITDA multiples	7.8x - 10.5x (8.7x)
	7,902,239	Market rate approach	Market yields Indicative	13.0% - 18.0% (13.7%)
Equity	5,648,331	Market quotations	bid/ask quotes	1 - 2 (1)
	878,869	Market comparable companies	Revenue multiples	0.4x - 1.1x (1.1x)

	Market comparable 18,864,816 companies	EBITDA multiples	4.6x - 7.0x (6.3x)
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Generally, a change in an unobservable input may result in a change to the value of an investment as follows:

<b>Input</b>	<b>Impact to Value if Input Increases</b>	<b>Impact to Value if Input Decreases</b>
Market yields	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (Continued)**

Investments may be categorized based on the types of inputs used in valuing such investments. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Transfers between levels are recognized as of the beginning of the reporting period.

At September 30, 2014, the Partnership's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	\$	\$	\$ 357,828
2	Other observable market inputs *	175,519,217	70,010,500	
3	Independent third-party pricing sources that employ significant unobservable inputs	738,763,002	52,520,425	32,003,559
3	Investment Manager valuations with significant unobservable inputs		4,332,100	1,290,696
<b>Total</b>		<b>\$ 914,282,219</b>	<b>\$ 126,863,025</b>	<b>\$ 33,652,083</b>

\*

For example, quoted prices in inactive markets or quotes for comparable investments.

Changes in investments categorized as Level 3 during the nine months ended September 30, 2014 were as follows:

	Bank Debt	Other Corporate Debt	Equity Securities
<b>Beginning balance</b>	<b>\$ 515,953,643</b>	<b>\$ 53,334,634</b>	<b>\$ 36,066,746</b>
Net realized and unrealized gains (losses)	47,146	(14,913)	(1,335,910)
Acquisitions	424,280,318	174,943	5,882,955
Dispositions	(115,964,311)	(22,549,239)	(10,046,998)
Transfers out of Level 3	(89,614,594)		
Transfers into Level 3	4,060,800	21,575,000	
Reclassifications within Level 3 §			1,436,766
<b>Ending balance</b>	<b>\$ 738,763,002</b>	<b>\$ 52,520,425</b>	<b>\$ 32,003,559</b>
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ 1,089,298	\$ 1,005,398	\$ (1,075,632)

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Comprised of nine investments that transferred to Level 2 due to increased observable market activity.

Comprised of two investments that transferred from Level 2 due to reduced trading volumes.

§

Comprised of two investments that reclassified from Investment Manager Valuation and one that reclassified to Investment Manager Valuation.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (Continued)**

	<b>Investment Manager Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ 4,060,800	\$ 7,631,335	\$ 2,837,707
Net realized and unrealized losses		(504,281)	(313,703)
Acquisitions		4,303,962	230,937
Dispositions	(4,060,800)	(7,098,916)	(27,479)
Reclassifications within Level 3 **			(1,436,766)
Ending balance	\$	\$ 4,332,100	\$ 1,290,696
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$	\$ 166,619	\$ (341,183)

\*\*

Comprised of two investments that reclassified to Independent Third-Party Valuation and one that reclassified from Independent Third-Party Valuation.

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2014.

At September 30, 2013, the Company's investments were categorized as follows:

<b>Level</b>	<b>Basis for Determining Fair Value</b>	<b>Other Corporate Debt</b>		
		<b>Bank Debt</b>	<b>Debt</b>	<b>Equity Securities</b>
1	Quoted prices in active markets for identical assets	\$	\$	\$ 1,028,216
2	Other observable market inputs *	100,098,095	70,698,908	
3	Independent third-party pricing sources that employ significant unobservable inputs	448,827,207	38,174,605	34,757,266
3	Investment Manager valuations with significant unobservable inputs		7,628,686	2,882,504
<b>Total</b>		<b>\$ 548,925,302</b>	<b>\$ 116,502,199</b>	<b>\$ 38,667,986</b>

\*

For example, quoted prices in inactive markets or quotes for comparable investments.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (Continued)**

Changes in investments categorized as Level 3 during the nine months ended September 30, 2013 were as follows:

	<b>Independent Third-Party Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ 359,343,326	\$ 17,171,637	\$ 32,675,370
Net realized and unrealized gains (losses)	(1,062,389)	7,520,997	(3,573,701)
Acquisitions	215,773,748	22,962,665	11,023,992
Dispositions	(100,185,011)	(15,172,634)	(3,215,534)
Transfers out of Level 3	(58,651,283)	(10,300,000)	
Transfers into Level 3	33,608,816	15,991,940	
Reclassifications within Level 3 §			(2,152,861)
Ending balance	\$ 448,827,207	\$ 38,174,605	\$ 34,757,266
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ (740,697)	\$ 1,570,023	\$ (2,724,223)

Comprised of nine investments that transferred to Level 2 due to increased observable market activity.

Comprised of five investments that transferred from Level 2 due to reduced trading volumes.

§

Comprised of one investment that was reclassified to Investment Manager Valuation.

	<b>Investment Manager Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$	\$ 7,167,458	\$ 1,424,764
Net realized and unrealized gains (losses)		356,327	(607,055)
Acquisitions		104,901	
Dispositions			(88,066)
Reclassifications within Level 3 §			2,152,861
Ending balance	\$	\$ 7,628,686	\$ 2,882,504
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$	\$ 356,327	\$ (607,055)

§

Comprised of one investment that was reclassified from Independent Third-Party Valuation.

There were no transfers between Level 1 and 2 during the nine months ended September 30, 2013.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (continued)**

***Investment Transactions***

Investment transactions are recorded on the trade date, except for private transactions that have conditions to closing, which are recorded on the closing date. The cost of investments purchased is based upon the purchase price plus those professional fees which are specifically identifiable to the investment transaction. Realized gains and losses on investments are recorded based on the identification method, which typically allocates the highest cost inventory to the basis of investments sold.

***Cash and Cash Equivalents***

Cash consists of amounts held in accounts with brokerage firms and the custodian bank. Cash equivalents consist of highly liquid investments with an original maturity of three months or less.

***Repurchase Agreements***

In connection with transactions in repurchase agreements, it is the Partnership's policy that the custodian take possession of the underlying collateral, the fair value of which is required to exceed the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

***Restricted Investments***

The Partnership may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted investments is included at the end of the Consolidated Statement of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

***Foreign Investments***

The Partnership may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency denominated investments comprised approximately 1.8% and 2.7% of total investments at September 30, 2014 and December 31, 2013, respectively. Such positions were converted at the respective closing rate in effect at September 30, 2014 and December 31, 2013 and reported in U.S. dollars. Purchases and sales of investments and income and expense items denominated in foreign currencies, when they occur, are translated into U.S. dollars on the respective dates of such transactions. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (continued)**

Investments in foreign companies and securities of foreign governments may involve special risks and considerations not typically associated with investing in U.S. companies and securities of the U.S. government. These risks include, among other things, revaluation of currencies, less reliable information about issuers, different transaction clearance and settlement practices, and potential future adverse political and economic developments. Moreover, investments in foreign companies and securities of foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the U.S. government.

**Derivatives**

In order to mitigate certain currency exchange and interest rate risks, the Partnership has entered into certain swap and option transactions. All derivatives are recognized as either assets or liabilities in the Consolidated Statement of Assets and Liabilities. The transactions entered into are accounted for using the mark-to-market method with the resulting change in fair value recognized in earnings for the current period. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in interest rates and the value of foreign currency relative to the U.S. dollar.

The Partnership did not enter into any new derivative transactions during the nine months ended September 30, 2014. At September 30, 2014, the Partnership held an interest rate cap with a notional amount of \$25,000,000 and a cross currency basis swap with a notional amount of \$4,289,019. Gains and losses from derivatives during the nine months ended September 30, 2014 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swaps	\$	\$ 1,402,313
Interest rate cap		(12,812)

During the nine months ended September 30, 2013, TCPC Funding purchased an interest rate cap with a notional amount of \$25,000,000 and continued to hold a cross currency basis swap with a notional amount of \$6,040,944. Gains and losses from derivatives during the nine months ended September 30, 2013 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swaps	\$	\$ (126,670)
Interest rate cap		(32,598)

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (continued)**

Valuations of derivatives held at September 30, 2014 and September 30, 2013 were determined using observable market inputs other than quoted prices in active markets for identical assets and, accordingly, are classified as Level 2 in the GAAP valuation hierarchy.

***Debt Issuance Costs***

Costs of approximately \$3.5 million and \$1.5 million were incurred during 2006 and 2013 in connection with placing and extending the Partnership's revolving credit facility (see Note 4), respectively. Costs of approximately \$1.6 million and \$1.3 million were incurred during 2013 and 2014 in connection with placing and extending TCPC Funding's revolving credit facility (see Note 4), respectively. These costs were deferred and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Partnership.

***Revenue Recognition***

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income received upon the early repayment of a loan or debt security are included in interest income.

Certain debt investments are purchased at a considerable discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. GAAP generally requires that discounts on the acquisition of corporate bonds, municipal bonds and treasury bonds be amortized using the effective-interest or constant-yield method. GAAP also requires the collectability of interest to be considered when making accruals. Accordingly, when accounting for purchase discounts, discount accretion income is recognized when it is probable that such amounts will be collected, generally at disposition. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

***Income Taxes***

The income or loss of the Partnership, TCPC Funding and the SBIC is reported in the respective partners' income tax returns. Consequently, no income taxes are paid at the partnership level or reflected in the Partnership's financial statements. In accordance with ASC Topic 740 *Income Taxes*, the Partnership recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. As of September 30, 2014,

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**2. Summary of Significant Accounting Policies (continued)**

all tax years of the Partnership, TCPC Funding and the SBIC since January 1, 2010 remain subject to examination by federal tax authorities. No such examinations are currently pending.

Cost and unrealized appreciation and depreciation of investments (including derivatives) for U.S. federal income tax purposes at September 30, 2014 were as follows:

Unrealized appreciation	\$ 32,760,177
Unrealized depreciation	(65,356,343)

Net unrealized depreciation	(32,596,166)
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Cost	\$ 1,108,465,950
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**3. Management Fees, Incentive Compensation and Other Expenses**

The Partnership's management fee is calculated at an annual rate of 1.5% of total assets (excluding cash and cash equivalents) of TCPC on a consolidated basis as of the beginning of each quarter and is payable to the Investment Manager quarterly in arrears.

Incentive compensation is only paid to the extent that TCPC's total performance exceeds a cumulative 8% annual return since January 1, 2013 (the "Total Return Hurdle"). The incentive compensation equals 20% of net investment income (reduced by preferred dividends) and 20% of net realized gains (reduced by any net unrealized losses), subject to the Total Return Hurdle. The incentive compensation is payable quarterly in arrears as an allocation and distribution to the General Partner and is calculated as the difference between cumulative incentive compensation earned since January 1, 2013 and cumulative incentive compensation paid since January 1, 2013. A reserve for incentive compensation is allocated to the account of the General Partner based on the amount of additional incentive compensation that would have been distributable to the General Partner assuming a hypothetical liquidation of TCPC and the Partnership at net asset value on the balance sheet date. At September 30, 2014, the General Partner's equity interest in the Partnership was comprised entirely of a reserve amount of \$701,164 as reflected in the Consolidated Statement of Changes in Net Assets.

The Partnership bears all expenses incurred in connection with its business, including fees and expenses of outside contracted services, such as custodian, administrative, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers' and finders' fees relating to investments, and any other transaction costs associated with the purchase and sale of investments.

**4. Leverage**

Leverage is comprised of amounts outstanding under senior secured revolving credit facilities issued by the Partnership (the "Partnership Facility") and TCPC Funding (the "TCPC Funding Facility," and, together with the Partnership Facility, the "Revolving Facilities"),

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**4. Leverage (continued)**

debentures guaranteed by the SBA (the "SBA Debentures"), and amounts outstanding under a preferred leverage facility issued by the Partnership (the "Preferred Interests"), as follows:

	<b>September 30, 2014</b>	<b>December 31, 2013</b>
Partnership Facility	\$ 45,000,000	\$ 45,000,000
TCPC Funding Facility	150,000,000	50,000,000
SBA Debentures	18,500,00	
Total Debt	\$ 213,500,000	\$ 95,000,000
Preferred Interests	134,000,000	134,000,000
Total Leverage	\$ 347,500,000	\$ 229,000,000

The combined weighted-average interest and dividend rates on total leverage outstanding at September 30, 2014 and December 31, 2013 were 2.09% and 1.38%, respectively.

Amounts outstanding under the Revolving Facilities and the SBA Debentures are carried at cost in the Statement of Assets and Liabilities. As of September 30, 2014, the estimated fair value of the TCPC Funding Facility and the SBA Debentures approximated its carrying value, and the Partnership Facility had an estimated fair value of \$44,314,383. The estimated fair values of the Revolving Facilities and the SBA Debentures are determined by discounting projected remaining payments using market interest rates for our borrowings and entities with similar credit risks at the measurement date. At September 30, 2014, the Revolving Facilities and the SBA Debentures would be deemed to be Level 3 in the GAAP valuation hierarchy.

***Partnership Facility***

The Partnership Facility provides for amounts to be drawn up to \$116 million, subject to certain collateral and other restrictions. The Partnership Facility matures on July 31, 2016. Most of the cash and investments held directly by the Partnership, as well as the net assets of TCPC Funding and the SBIC, are included in the collateral for the facility.

Advances under the Partnership Facility through July 31, 2014 bore interest at an annual rate equal to 0.44% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the Partnership Facility for periods from July 31, 2014 through the maturity date of the facility bear interest at an annual rate equal to 2.5% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.20% per annum on the unused portion of the facility, or 0.25% per annum when less than \$46.4 million in borrowings are outstanding. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should the Partnership fail to satisfy certain financial or other covenants. As of September 30, 2014, the Partnership was in full compliance with such covenants.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**4. Leverage (continued)**

***SBA Debentures***

As of September 30, 2014 the SBIC is able to issue up to \$75 million in SBA Debentures, subject to funded regulatory capital and other customary regulatory requirements. As of September 30, 2014, the Partnership had committed \$75 million of regulatory capital to the SBIC, \$23 million of which had been funded. SBA Debentures are non-recourse and may be prepaid at any time without penalty. The interest rate on SBA Debentures is fixed at the time of issuance at a market-driven spread over 10-year U.S. Treasury Notes.

SBA Debentures as of September 30, 2014 were as follows:

<b>Issuance Date</b>	<b>Maturity</b>	<b>Debenture Amount</b>	<b>Fixed Interest Rate</b>	<b>SBA Annual Charge</b>
September 24, 2014	September 1, 2024	\$ 18,500,000	3.015%	0.355%

***TCPC Funding Facility***

The TCPC Funding Facility, issued on May 15, 2013, provides for amounts to be drawn up to \$200 million, subject to certain collateral and other restrictions. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at the request of TCPC Funding. The facility contains an accordion feature which allows for expansion of the facility up to \$250 million subject to consent from the lender and other customary conditions. The cash and investments of TCPC Funding are included in the collateral for the facility.

As of September 30, 2014, borrowings under the TCPC Funding Facility bore interest at a rate of LIBOR plus 2.50% per annum. In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.75% per annum on the unused portion of the facility, or 1.00% per annum when the unused portion is greater than 33% of the total facility. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should TCPC Funding fail to satisfy certain financial or other covenants. As of September 30, 2014, TCPC Funding was in full compliance with such covenants.

***Preferred Interests***

At September 30, 2014, the Preferred Interests were comprised of 6,700 Series A preferred limited partner interests issued and outstanding with a liquidation preference of \$20,000 per interest. The Preferred Interests accrue dividends at an annual rate equal to 0.85% plus either LIBOR or the interestholder's cost of funds (subject to a cap of LIBOR plus 20 basis points). The Preferred Interests are redeemable at the option of the Partnership, subject to certain conditions. Additionally, under certain conditions, the Partnership may be required to either redeem certain of the Preferred Interests or repay indebtedness, at the Partnership's option. Such conditions would include a failure by the Partnership to maintain adequate collateral as required by its credit facility agreement or by the Statement of Preferences of the Preferred Interests or a failure by the Partnership to maintain sufficient asset coverage as required by the 1940 Act. As of September 30, 2014, the Partnership was in full compliance with such requirements.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk**

The Partnership, TCPC Funding and the SBIC conduct business with brokers and dealers that are primarily headquartered in New York and Los Angeles and are members of the major securities exchanges. Banking activities are conducted with a firm headquartered in the San Francisco area.

In the normal course of business, investment activities involve executions, settlement and financing of various transactions resulting in receivables from, and payables to, brokers, dealers and the custodian. These activities may expose the Partnership to risk in the event that such parties are unable to fulfill contractual obligations. Management does not anticipate any material losses from counterparties with whom it conducts business. Consistent with standard business practice, the Partnership, TCPC Funding and the SBIC enter into contracts that contain a variety of indemnifications, and are engaged from time to time in various legal actions. The maximum exposure under these arrangements and activities is unknown. However, management expects the risk of material loss to be remote.

The Consolidated Statement of Investments includes certain revolving loan facilities and other commitments held by the Partnership with unfunded balances at September 30, 2014 as follows:

Revolving Loan Facilities	\$	20,517,102
Delayed Draw Loans and Notes		25,652,366
Letters of Credit		9,379,246
Total Unfunded Commitments	\$	55,548,714

**6. Related Parties**

TCPC, the Partnership, TCPC Funding, the SBIC, the Investment Manager, the General Partner and their members and affiliates may be considered related parties. From time to time, the Partnership advances payments to third parties on behalf of TCPC which are reimbursable through deductions from distributions to TCPC. At September 30, 2014, no such amounts were outstanding. From time to time, the Investment Manager advances payments to third parties on behalf of the Partnership and receives reimbursement from the Partnership. At September 30, 2014, amounts reimbursable to the Investment Manager totaled \$282,605, as reflected in the Consolidated Statement of Assets and Liabilities.

Pursuant to an administration agreement between the Administrator and the Partnership (the "Administration Agreement"), the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to the Partnership, as well as costs and expenses incurred by the Administrator or its affiliates relating to any administrative, operating, or other non-investment advisory services provided by the Administrator or its affiliates to the Partnership. For the nine months ended September 30, 2014, expenses allocated pursuant to the Administration Agreements totaled \$1,002,418. The Administrator waived reimbursement of all administrative expenses prior to January 1, 2013.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Unaudited) (Continued)**

**September 30, 2014**

**7. Distributions**

The Partnership's distributions are recorded on the record date. The timing of distributions is determined by the General Partner, which has provided the Investment Manager with certain criteria for such distributions.

**8. Subsequent Events**

On November 5, 2014, the aggregate principal commitment on the TCPC Funding Facility increased to \$250 million and the facility's accordion feature expanded to \$300 million.

**9. Financial Highlights**

The financial highlights with respect to the common limited partner are as follows:

	<b>Nine Months Ended September 30, 2014</b>
Return on invested assets (1), (2)	8.2%
Gross return to common limited partner (1)	9.5%
Less: General Partner incentive allocation (1)	(1.9)%
Return to common limited partner (1), (3)	7.6%
<b>Ratios to average common equity: (4), (5)</b>	
Net investment income	9.6%
Expenses	3.4%
Expenses and General Partner allocation	5.1%
Ending net assets attributable to common limited partner	\$ 758,688,769
Portfolio turnover rate (1)	20.2%
Weighted-average debt outstanding	\$ 138,549,451
Weighted-average interest rate on debt	2.2%

(1) Not annualized.

(2) Return on invested assets is a time-weighted, geometrically linked rate of return and excludes cash and cash equivalents.

(3)

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Returns (net of dividends on the preferred equity facility, allocations to General Partner and Partnership expenses, including financing costs and management fees) are calculated on a monthly geometrically linked, time-weighted basis.

- (4) Net investment income and expenses annualized. General Partner allocation not annualized.
- (5) These ratios include interest expense but do not reflect the effect of dividends on the preferred equity facility.

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Schedule of Changes in Investments in Affiliates (1) (Unaudited)**  
**Nine Months Ended September 30, 2014**

<b>Security</b>	<b>Acquisitions</b>	<b>Dispositions (2)</b>	<b>Dividends or Interest (3)</b>
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$ 241,491	\$	\$ 194,666
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16			764,610
Anacomp, Inc., Class A Common Stock			
EPMC HoldCo, LLC, Membership Units		(969,969)	
ESP Holdings, Inc., Cumulative Preferred 15%		(2,489,100)	1,968,748
ESP Holdings, Inc., Common Stock		(3,481,696)	289,315
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19		(7,959,369)	205,175
Globecom Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18		(112,500)	1,007,054
KAGY Holding Company, Inc., Series A Preferred Stock			
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16		(72,713)	44,412
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16		(71,150)	17,362
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14		(108,844)	4,678
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15		(110,472)	23,416
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16		(392,795)	27,571
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16		(831,783)	210,182
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16		(806,660)	220,226
N510UA Equipment Trust Beneficial Interests	72,713	(26,934)	66,191
N512UA Equipment Trust Beneficial Interests	71,150	(26,493)	93,674
N536UA Equipment Trust Beneficial Interests	80,397	(467,756)	40,259
N545UA Equipment Trust Beneficial Interests	110,472	(35,652)	83,596
N585UA Equipment Trust Beneficial Interests	92,583	(536,863)	31,098
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17		(62,325)	15,477
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18		(55,171)	21,629
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19		(63,383)	29,035
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19		(60,971)	30,241
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19		(61,985)	30,151
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19		(61,503)	30,504
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19		(61,027)	30,855
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19		(60,127)	32,159
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19		(61,580)	31,732
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18		(64,044)	21,745
N913DL Equipment Trust Beneficial Interests	62,325	(70,524)	13,226
N918DL Equipment Trust Beneficial Interests	55,171	(67,002)	10,621
N954DL Equipment Trust Beneficial Interests	63,383	(80,814)	9,947
N955DL Equipment Trust Beneficial Interests	60,971	(79,827)	9,272
N956DL Equipment Trust Beneficial Interests	61,985	(80,928)	9,305
N957DL Equipment Trust Beneficial Interests	61,503	(80,592)	9,124
N959DL Equipment Trust Beneficial Interests	61,027	(80,262)	8,949
N960DL Equipment Trust Beneficial Interests	60,127	(80,007)	8,292
N961DL Equipment Trust Beneficial Interests	61,580	(81,411)	8,497

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Schedule of Changes in Investments in Affiliates (1) (Unaudited)**  
**Nine Months Ended September 30, 2014**

<b>Security</b>	<b>Acquisitions</b>	<b>Dispositions (2)</b>	<b>Dividends or Interest (3)</b>
N976DL Equipment Trust Beneficial Interests	64,044	(76,920)	9,600
RM Holdco, LLC, Membership Units			
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18			43,866
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16	278,599	(142,450)	310,334
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16	974,966		1,056,044
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/19/16	318,343		344,447
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16	204,002		220,664
United N659UA-767, LLC (N659UA)	831,783	(506,034)	318,023
United N661UA-767, LLC (N661UA)	806,660	(497,274)	315,057
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units			

*Notes to Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Partnership of 5% or more of the issuers' voting securities.
- (2) Dispositions include sales, paydowns, mortgage amortizations, and aircraft depreciation.
- (3) Also includes fee and lease income as applicable.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Schedule of Changes in Investments in Affiliates (1)**  
**Year Ended December 31, 2013**

<b>Security</b>	<b>Acquisitions</b>	<b>Dispositions (2)</b>	<b>Dividends or Interest (3)</b>
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$ 2,056,927	\$	\$ 128,215
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16	7,586,317		640,007
Anacomp, Inc., Class A Common Stock			
EPMC HoldCo, LLC, Membership Units		(1,481,930)	
ESP Holdings, Inc., Cumulative Preferred 15%			
ESP Holdings, Inc., Common Stock			32,627
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19	749,529		1,199,575
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	14,850,000		83,281
International Wire Group Holdings, Inc., Senior Secured Notes, 8.5%, due 10/15/17		(15,759,750)	443,715
KAGY Holding Company, Inc., Series A Preferred Stock	8,096,057	(1,644)	
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16		(81,562)	74,646
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16		(79,808)	75,593
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14		(143,097)	29,100
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15		(128,230)	50,422
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16		(93,707)	88,705
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16		(999,280)	390,117
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16		(969,098)	401,041
N510UA Equipment Trust Beneficial Interests	81,562	(35,912)	72,866
N512UA Equipment Trust Beneficial Interests	79,808	(35,323)	72,497
N536UA Equipment Trust Beneficial Interests	143,097	(45,201)	104,929
N545UA Equipment Trust Beneficial Interests	128,359	(47,536)	92,525
N585UA Equipment Trust Beneficial Interests	93,707	(46,776)	80,203
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17		(77,509)	26,248
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18		(68,612)	33,806
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19		(78,825)	44,415
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19		(75,824)	45,803
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19		(77,085)	45,775
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19		(76,487)	46,204
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19		(75,896)	46,629
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19		(74,776)	48,285
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19		(76,582)	47,846
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18		(79,647)	34,759
N913DL Equipment Trust Beneficial Interests	77,509	(94,032)	12,045
N918DL Equipment Trust Beneficial Interests	68,612	(89,338)	9,213
N954DL Equipment Trust Beneficial Interests	78,825	(107,751)	7,578
N955DL Equipment Trust Beneficial Interests	75,824	(106,437)	6,891
N956DL Equipment Trust Beneficial Interests	77,085	(107,904)	6,845
N957DL Equipment Trust Beneficial Interests	76,487	(107,457)	6,648

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**Special Value Continuation Partners, LP**  
(A Delaware Limited Partnership)

**Consolidated Schedule of Changes in Investments in Affiliates (1)**  
Year Ended December 31, 2013

<b>Security</b>	<b>Acquisitions</b>	<b>Dispositions (2)</b>	<b>Dividends or Interest (3)</b>
N959DL Equipment Trust Beneficial Interests	75,896	(107,015)	6,456
N960DL Equipment Trust Beneficial Interests	74,776	(106,678)	5,662
N961DL Equipment Trust Beneficial Interests	76,582	(108,546)	5,805
N967DL Equipment Trust Beneficial Interests	79,647	(102,560)	7,056
RM Holdco, LLC, Membership Units			
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18	57,991		57,992
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16	16,974	(149,183)	413,430
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16	567,205		1,258,016
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/19/16	186,901		410,004
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16	1,339,883		182,711
United N659UA-767, LLC (N659UA)	999,280	(674,714)	316,842
United N661UA-767, LLC (N661UA)	969,098	(663,034)	313,627
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	5,000,000		

*Notes to Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Partnership of 5% or more of the issuers' voting securities.
- (2) Dispositions include sales, paydowns, mortgage amortizations, and aircraft depreciation.
- (3) Also includes fee and lease income as applicable.

**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Schedule of Restricted Securities of Unaffiliated Issuers (Unaudited)**

**September 30, 2014**

<b>Investment</b>	<b>Acquisition Date</b>
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18	7/26/13
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16	1/20/11
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock	12/4/13
Hunt Companies, Inc., Senior Secured Notes, 9.625%, due 3/1/21	2/25/14
Ichor Systems Holdings, LLC, Membership Units	Var. 2009 & 2010
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC Common Interest Units	9/10/12
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd, Warrants	8/6/14
Shop Holdings, LLC, Convertible Promissory Note, 5%, due 8/5/15	2/5/14
Shop Holding, LLC, Class A Units	6/2/11
Shop Holding, LLC, Warrants to Purchase Class A Units	6/2/11
SiTV, Inc., Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
SiTV, Inc., Warrants to Purchase Common Stock	8/3/12
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
STG-Fairway Holdings, LLC, Class A Units	12/30/10
The Telx Group, Inc., Senior Notes, 13.5% PIK, due 7/9/21	4/9/14
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
V Telecom Investment S.C.A, Common Shares	11/9/12

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**Special Value Continuation Partners, LP**  
**(A Delaware Limited Partnership)**

**Consolidated Schedule of Restricted Securities of Unaffiliated Issuers**

**December 31, 2013**

<b>Investment</b>	<b>Acquisition Date</b>
AIP/IS Holdings, LLC, Membership Units	Var. 2009 & 2010
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18	7/26/13
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16	1/20/11
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock	12/4/13
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC Common Interest Units	9/10/12
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Shop Holding, LLC, Class A Units	6/2/11
Shop Holding, LLC, Warrants to Purchase Class A Units	6/2/11
SiTV, Inc., Warrants to Purchase Common Stock	8/3/12
SLS Breeze Intermediate Holdings, Inc., Warrants to Purchase Common Stock	9/25/13
St Barbara Ltd., 1st Priority Senior Secured Notes, 8.875%, due 4/15/18	3/22/13
STG-Fairway Holdings, LLC, Class A Units	12/30/10
The Telx Group, Inc., Senior Unsecured Notes, 10% Cash + 2% PIK, due 9/26/19	9/26/11
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
V Telecom Investment S.C.A, Common Shares	11/9/12
Vantage Oncology, LLC, Senior Secured Notes, 9.5%, due 6/15/17	6/6/13

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PROSPECTUS

\$400,000,000

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

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We are a holding company (the "Holding Company") with no direct operations of our own, and currently our only business and sole asset is our ownership of all of the common limited partner interests in Special Value Continuation Partners, LP (the "Operating Company"), which represents approximately 100% of the common equity and 80.2% of the combined common equity, preferred equity and general partner interests in the Operating Company as of December 31, 2013. We and the Operating Company are externally managed, closed-end, non-diversified management investment companies that have elected to be treated as business development companies under the Investment Company Act of 1940 (the "1940 Act"). Our and the Operating Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies as well as small businesses. Our primary investment focus is investing in and originating leveraged loans to performing middle-market companies as well as small businesses.

Tennenbaum Capital Partners, LLC (the "Advisor") serves as our and the Operating Company's investment advisor. The Advisor is a leading investment manager and specialty lender to middle-market companies that had in excess of \$5.0 billion in capital commitments from investors ("committed capital") under management as of December 31, 2013, approximately 18% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of the Advisor, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

**We may offer, from time to time, in one or more offerings or series, together or separately, up to \$400,000,000 of our common stock, preferred stock, debt securities, subscription rights to purchase our securities or warrants representing rights to purchase our securities, collectively, the Securities, to provide us with additional capital. Securities may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in our Securities.**

We may offer shares of common stock, subscription rights, warrants, options or rights to acquire shares of common stock, at a discount to net asset value per share in certain circumstances. 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. At our 2014 annual meeting, held on May 15, 2014, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, our stockholders approved our ability to sell or otherwise issue shares of our common stock at any level of discount from net asset value per share for a twelve month period expiring on the anniversary of the date of stockholder approval.

Our Securities may be offered directly to one or more purchasers, 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 identify any agents, underwriters or dealers involved in the sale of our Securities, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents, underwriters or dealers, 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 the prospectus and a prospectus supplement describing the method and terms of the offering of such Securities. Our common stock is traded on The NASDAQ Global Select Market under the symbol "TCPC." As of June 26, 2014, the last reported sales price for our common stock was \$18.31. Our estimated net asset value per share of our common stock at December 31, 2013 was \$15.18.

This prospectus contains important information you should know before investing in our securities. Please read it carefully before you invest and keep it for future reference. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. A Statement of Additional Information, dated July 2, 2014, containing additional information about the Holding Company and the Operating Company has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated by reference in its entirety into this prospectus. The Advisor maintains a website at <http://www.tennenbaumcapital.com> and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through this website. You may also obtain free copies of our annual and quarterly reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page 160 of this prospectus and make stockholder inquiries by contacting us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us collect at (310) 566-1094. The SEC maintains a website at <http://www.sec.gov> where such information is available without charge upon request. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus.

The debt securities in which we typically invest are either rated below investment grade by independent rating agencies or would be rated below investment grade if such securities were rated by rating agencies. Below investment grade securities, which are often referred to as "hybrid securities," "junk bonds" or "leveraged loans" are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may be illiquid and difficult to value and typically do not require repayment of principal prior to maturity, which potentially heightens the risk that we may lose all or part of our investment. In addition, a substantial majority of the Operating Company's debt investments include interest reset provisions that may make it more

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difficult for the borrowers to make debt repayments to the Operating Company if the reset provision has the effect of increasing the applicable interest rate.

**Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in the offerings. Investing in our securities involves a high degree of risk, including credit risk and the risk of the use of leverage. Before buying any securities, you should read the discussion of the material risks of investing in our securities in "Risks" beginning on page 23 of this prospectus.**

Neither the SEC 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 shares of our securities unless accompanied by a prospectus supplement.**

The date of this prospectus is July 2, 2014.

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Statistical and market data used in this prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus, for which the safe harbor provided in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act is not available.

You should rely only on the information contained in this prospectus, the Statement of Additional Information, or SAI, incorporated by reference in its entirety in this prospectus, and the accompanying prospectus supplement. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and no underwriters are, making offers to sell these securities in any jurisdiction where such offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of this prospectus, the information in the SAI is accurate only as of its respective date and the information in the accompanying prospectus supplement is accurate only as of the date on the front of the accompanying prospectus supplement. Our business, financial condition and prospects may have changed since that date. To the extent required by applicable law, we will update this prospectus and the SAI during the offering period to reflect material changes to the disclosure herein.

**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the SEC, using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time on a delayed basis over a three year period, up to \$400 million in shares of our common stock, shares of our preferred stock, debt securities, subscription rights to purchase shares of our securities or warrants representing rights to purchase our securities. The Securities may be offered at prices and on terms described in one or more supplements to this prospectus. 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 an accompanying prospectus supplement that will contain specific information about the terms of that offering. This prospectus and any accompanying prospectus supplement will together constitute the prospectus for an offering of our Securities. The accompanying 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 any exhibits and the additional information described under the heading "Additional Information" and the section under the heading "Risks" before you make an investment decision. You should rely only on the information contained, collectively, in this prospectus and any accompanying prospectus supplement.

## PROSPECTUS SUMMARY

*This summary highlights some of the information in this prospectus. This summary is not complete and may not contain all of the information that you may want to consider before investing in our Securities. You should read the entire prospectus, including "Risks," and the Statement of Additional Information, dated July 2, 2014 (the "SAI").*

*Throughout this prospectus, unless the context otherwise requires, a reference to:*

*"Holding Company" refers to Special Value Continuation Fund, LLC, a Delaware limited liability company, for the periods prior to the consummation of the Conversion (as defined below) described elsewhere in this prospectus and to TCP Capital Corp. for the periods after the consummation of the Conversion;*

*"Operating Company" refers to Special Value Continuation Partners, LP, a Delaware limited partnership;*

*"TCPC Funding" refers to TCPC Funding I LLC, a Delaware limited liability company;*

*"TCPC SBIC" refers to TCPC SBIC, LP, a Delaware limited partnership;*

*"Advisor" refers to Tennenbaum Capital Partners, LLC, a Delaware limited liability company and the investment manager; and*

*"General Partner" and "Administrator" refer to SVOF/MM, LLC, a Delaware limited liability company, the general partner of the Operating Company and an affiliate of the Advisor and administrator of the Holding Company and the Operating Company.*

*For simplicity, this prospectus uses the term "Company," "we," "us" and "our" to include the Holding Company and, where appropriate in the context, the Operating Company, TCPC Funding and TCPC SBIC on a consolidated basis. For example, (i) although all or substantially all of the net proceeds from the offerings will be invested in the Operating Company and all or substantially all of the Holding Company's investments will be made through the Operating Company, this prospectus generally refers to the Holding Company's investments through the Operating Company as investments by the "Company," and (ii) although the Operating Company and TCPC Funding and not the Holding Company has entered into the Leverage Program (defined below), this prospectus generally refers to the Operating Company's use of the Leverage Program as borrowings by the "Company," in all instances in order to make the operations and investment strategy easier to understand. The Holding Company and the Operating Company have the same investment objective and policies and the assets, liabilities and results of operations of the Holding Company are consolidated with those of the Operating Company as described below under " Operating and Regulatory Tax Structure."*

*On April 2, 2012, we completed a conversion under which TCP Capital Corp. succeeded to the business of Special Value Continuation Fund, LLC and its consolidated subsidiaries, and the members of Special Value Continuation Fund, LLC became stockholders of TCP Capital Corp. In this prospectus, we refer to such transactions as the "Conversion." Unless otherwise indicated, the disclosure in this prospectus gives effect to the Conversion.*

### **The Company**

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. See " Company History and BDC Conversion." We completed our initial public offering on April 10, 2012. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities



of middle-market companies, which we typically define as those with enterprise values between \$100 million and \$1.5 billion. While we primarily focus on privately negotiated investments in debt of middle-market companies, we make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities benefit from what we believe are the competitive advantages of the Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. Substantially all of our operating history and performance results have been achieved through our predecessor, Special Value Continuation Fund, LLC, which was a registered investment company but was neither a business development company nor a publicly traded company. There are no material operating differences between us and our predecessor, however, as a BDC we are deemphasizing distressed debt investments, which may adversely affect our investment returns. See " Company History and BDC Conversion."

As described in more detail below under " Company History and BDC Conversion," we have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. Our investment activities are externally managed by the Advisor, a leading investment manager with in excess of \$5.0 billion in capital commitments from investors ("committed capital") under management, approximately 18% of which consists of the Holding Company's committed capital under management as of December 31, 2013, and a primary focus on providing financing to middle-market companies as well as small businesses. Additionally, the Holding Company expects that it will continue to seek to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code, or the Code.

On April 22, 2014, TCPC SBIC, a wholly-owned subsidiary of the Operating Company, received a Small Business Investment Company ("SBIC") license from the Small Business Administration ("SBA"). We have requested exemptive relief from the SEC to permit us to exclude the debt of TCPC SBIC guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. Pursuant to the 200% asset coverage ratio limitation, we are permitted to borrow one dollar for every dollar we have in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us. For example, as of December 31, 2013, we had approximately \$550 million in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us, which would permit us to borrow up to approximately \$550 million, notwithstanding other limitations on our borrowings pursuant to our Leverage Program.

If granted, the exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting us to borrow up to \$150 million more than we would otherwise be able to absent the receipt of this exemptive relief. As a result, we, in effect, will be permitted to have a lower asset coverage ratio than the 200% asset coverage ratio limitation under the 1940 Act and, therefore, we can have more debt outstanding than assets to cover such debt. For example, we will be able to borrow up to \$150 million more than the approximately \$550 million permitted under the 200% asset coverage ratio limit as of December 31, 2013. For additional information on SBA regulations that affect our access to SBA-guaranteed debentures, see "Risk Factors Risks Relating to Our Business TCPC SBIC is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations."

The SBIC license allows TCPC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate

of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to TCPC SBIC's assets over our stockholders in the event we liquidate TCPC SBIC or the SBA exercises its remedies under the SBA-guaranteed debentures issued by TCPC SBIC upon an event of default.

### **Investment Portfolio**

At December 31, 2013, our investment portfolio of \$766.3 million (at fair value) consisted of 67 portfolio companies and was invested 95% in debt investments, of which 98% was in senior secured debt and 2% in unsecured or subordinated debt. In aggregate, our investment portfolio was invested 76% in senior secured loans, 17% in senior secured notes, 2% in unsecured or subordinated debt, and 5% in equity investments. Our average portfolio company investment at fair value was approximately \$11.4 million. Our largest portfolio company investment by value was approximately \$21.3 million and our five largest portfolio company investments by value comprised approximately 13% of our portfolio at December 31, 2013. See " Investment Strategy" for more information.

The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of December 31, 2013.

#### **Investment by Industry**

#### **Investment by Asset Type**

### **Tennenbaum Capital Partners, LLC**

Our investment activities are managed by the Advisor. The Advisor is a leading investment manager (including specialty lending to middle-market companies). The Advisor is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940, or the Advisers Act. As of December 31, 2013, the Advisor had in excess of \$5.0 billion in committed capital under management, approximately 18% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by a team of administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. The Advisor was founded in 1999 by Michael E. Tennenbaum, Mark K. Holdsworth and Howard M. Levkowitz, and its predecessor entity formed and commenced operations in 1996. The three founders along with David A. Hollander, Michael E. Leitner, Philip M. Tseng, Rajneesh Vig, David J. Adler and Lee R. Landrum constitute the Advisor's active partners, or the Advisor Partners. The Advisor Partners have significant industry experience, including experience investing in middle-market companies. Together, the Advisor Partners have invested approximately \$13.1 billion in over 325 companies since the Advisor's inception, through

multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities. We believe the Advisor Partners' investment perspectives, complementary skills, and collective investment experience provides the Advisor with a strategic and competitive advantage in middle-market investing.

As our investment advisor, the Advisor is responsible for sourcing potential investments, conducting research, analyzing investment opportunities and structuring our investments and monitoring our portfolio companies on an ongoing basis. We believe that the Advisor has a proven long-term track record of positive performance, notwithstanding some periods during which losses were incurred, of sourcing deals, originating loans and successfully investing in middle-market companies and that the relationships of its investment professionals are integral to the Advisor's success. The Advisor's investment professionals have long-term working relationships with key sources of investment opportunities and industry expertise, including investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. Additionally, the Advisor's structure includes both a board of advisors and a group of Senior Executive Advisors, a team comprised of approximately 17 current and former executives from a variety of industries, which extends the reach of the Advisor's relationships through a group of seasoned industry leaders and that can enhance our deal sourcing and due diligence activities.

We also benefit from the existing infrastructure and administrative capabilities of an established investment manager. The General Partner, an affiliate of the Advisor, serves as our Administrator and provides us with office space, equipment and office services. The tasks of our Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the Securities and Exchange Commission (the "SEC") and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Since the beginning of 2011, the Advisor has executed over \$2 billion in direct origination leveraged loans primarily to middle-market companies, of which over \$739 million was for our account. There can be no assurance that similar deal flow or terms will be available in the future for loans in which we may invest.

### **Investment Strategy**

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by the Advisor. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on the Advisor's established track record of origination and participation in the original syndication of approximately \$5.4 billion of leveraged loans to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies. For the purposes of this prospectus, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

Our investments generally range from \$10 million to \$40 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

Our typical investments are in performing middle-market companies. We believe that middle-market companies are generally less able to secure financing than larger companies and thus offer better return opportunities for those able to conduct the necessary diligence to appropriately evaluate these companies. We focus primarily on U.S. companies where we believe the Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where the Advisor sees an attractive risk reward profile due to macroeconomic trends and the Advisor's existing industry expertise.

### **Our Competitive Advantages**

We believe that we possess the following competitive advantages over other capital providers to middle-market companies:

*Focus on minimizing the risk of loss and achieving attractive risk-adjusted returns.* We primarily structure investments to attempt to achieve high cash yields, cash origination fees, conservative leverage, and strong contractual protections that reduce the risk of principal loss. Contractual protections may include default premiums, information rights, board governance rights, and affirmative, negative and financial covenants, such as lien protection and prohibitions against change of control. While we do not expect to undertake a material focus on distressed investments, we believe that the Advisor's experience in distressed investing from managing other funds helps us negotiate more favorable terms and provides greater opportunity to achieve principal protection. See " Investment Strategy."

*Diverse in-house skills and experience of the Advisor.* The Advisor's principals and professionals have diverse and complementary backgrounds, including prior experience at private investment funds, investment banks, other financial services firms, and managing companies. We believe that the diverse professional experience of the Advisor's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. The Advisor's advantages include:

Significant investment expertise in over 30 different industry sectors;

Track record of leveraged loan originations or participations in original syndications of approximately \$5.4 billion to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies;

Extensive workout and restructuring capabilities honed in multiple in- and out-of-court transactions which allows us to maximize our investment returns and minimize the risk of loss;

In-house legal expertise with significant experience protecting creditor rights;

Complementary "bottom-up" and "top-down" (macro economic) expertise; and

Expertise in analyzing highly complex companies and investments.

*Consistent, proactive and rigorous investment and monitoring processes.* We believe that the Advisor employs a proven investment process that integrates intensive "bottom-up" company-level research and analysis with a proactive "top-down" view of macroeconomic and industry risks and opportunities. The heart of the process is a thorough analysis of the underlying issuer's business, end markets, competitors, suppliers, revenues, costs, financial statements, and the terms of the issuer's existing obligations, including contingent liabilities (if any). The Advisor's professionals supplement in-house expertise with industry experts, including the Advisor's Board of Advisors and Senior Executive Advisors, as well as other CEO/CFO-level executives, with direct management experience in the industries under consideration. These company level analyses are undertaken in the context of and supplemented by the Advisor's views on and understanding of industry trends and broader economic conditions. These views



are formulated and refined through the Advisor's systematic quarterly macroeconomic reviews and quarterly industry reviews, where long-term and immediate macroeconomic trends and their impact on industry risk/reward characteristics are determined. These views flow through to the Advisor's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews also help to inform the Advisor's macroeconomic and industry views as well as to inform reporting of deal teams' frequent monitoring of portfolio company progress, risk assessment, and refinement of exit plans.

*Focus on established middle-market companies.* We generally invest in companies with established market positions, seasoned management teams, proven and differentiated products and services and strong regional or national operations. We believe that these companies possess better risk-adjusted return profiles than newer companies that are building management or in early stages of building a revenue base. As a specialty middle-market lender, through the Advisor we have proven experience structuring financing for middle-market companies and meeting their specialized needs. We believe that there are fewer experienced finance companies focused on transactions involving small and middle-market companies than larger companies, allowing us to negotiate favorable investment terms, including higher yields, more significant covenant protection, and greater equity grants than typical of transactions involving larger companies. Additionally, we believe that middle-market companies offer significant risk-adjusted return advantages over larger companies as they are generally less able to secure financing compared to larger companies and, we believe, are more likely as borrowers to be subject to upfront fees, prepayment premiums and higher interest rates.

*Debt platform with multiple deal sourcing channels.* The employees of the Advisor have developed extensive networks among investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. These networks are a valuable source of directly originated deals and are further supplemented by the networks and experiences of the Advisor's Board of Advisors and Senior Executive Advisors. Additionally, the Advisor's track record as a provider of middle-market financing means that it is often the first or early call on new deal opportunities. Since inception, the Advisor has originated or participated in the original syndication of approximately \$5.4 billion of newly issued loans to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies. The Advisor has closed transactions with more than 35 different private equity sponsors. The Advisor is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. The Advisor's in-depth industry knowledge and ability to diligence complex situations thoroughly and in a timely fashion helps to attract deal opportunities from multiple channels.

*Attractively priced leverage program.* We believe that the Leverage Program (defined below), combined with capital from recent monetizations, provides us with a substantial amount of capital for deployment into new investment opportunities on relatively favorable terms. The Operating Company has an existing \$250 million leverage program comprised of: (i) a \$116 million senior secured credit facility that matures on July 31, 2016, subject to extension by the lenders at the request of the Operating Company, which we refer to as the Operating Company Facility; and (ii) \$134 million in liquidation preference of preferred interests, which mature on July 31, 2016, which we refer to as the Preferred Interests. The interest rate charged on the Operating Company Facility through July 31, 2014 is LIBOR plus 0.44% per annum. The interest rate charged during the period August 1, 2014 through July 31, 2016, will be LIBOR plus 2.50% per annum. The Operating Company Facility was originally entered into on July 31, 2006 with certain lenders (Variable Funding Capital Company LLC, Versailles CDS LLC and Nieuw Amsterdam Receivables Corp.) and in conjunction with entering into such agreement, the Operating Company also issued the Preferred Interests to such lenders on the same date. TCPC Funding has an existing \$200 million revolving credit facility with Deutsche Bank AG, New York Branch, as administrative agent (the "TCPC Funding Facility," and together with the Operating Company Facility, the "Revolving Facilities"). The TCPC Funding Facility contains an accordion feature

pursuant to which the credit line may increase up to an aggregate of \$250 million, subject to consent of the administrative agent and other customary conditions, and is secured by the assets of TCPC Funding. The TCPC Funding Facility matures on May 15, 2017 and generally bears interest based on LIBOR plus 2.50% per annum, subject to an extension by the lender at TCPC Funding's request. The TCPC Funding Facility is secured by all of the assets held by TCPC Funding. We refer to the Revolving Facilities and the Preferred Interests collectively as the Leverage Program. The lenders under the Operating Company Facility also own all of the Operating Company's preferred interests, which is an aggregate of 6,700 Preferred Interests, each of which has a liquidation preference of \$20,000 per interest, with dividends generally accruing at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations. For the purpose of the Revolving Facilities, LIBOR means the one-month U.S. dollar deposits which appears on the Telerate Page 3750 as of 11:00 a.m. (London time) on the date the rate is to be determined or as otherwise may be determined pursuant to the Revolving Facilities if such rate does not appear on the Telerate Page 3750. The weighted-average financing rate on the Leverage Program at December 31, 2013 was 1.4%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company.

### **Market opportunity**

We believe that the Advisor has a consistent, non-cyclical track record of finding profitable opportunities to lend its managed assets to middle-market companies under most market conditions. However, there can be no assurances that the Advisor will be able to source profitable opportunities of this type for us, and we have a limited record operating as a BDC. We believe that the current environment for direct lending to middle-market companies is especially attractive for several reasons that include:

*Reduced lending to middle-market companies by commercial banks.* Recent regulatory changes, including the Dodd-Frank Financial Reform Act, or the Dodd-Frank Act, and the introduction of new international capital and liquidity requirements under the Basel III Accords, or Basel III, and the continued ownership of legacy non-performing assets have significantly curtailed banks' lending capacity. In response, we believe that many commercial lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending, managing capital markets transactions and providing other non-credit services to their larger customers. We expect bank lending to middle-market companies to continue to be constrained for several years as Basel III rules phase in and rules and regulations are promulgated and interpreted under the Dodd-Frank Act.

*Reduced credit supply to middle-market companies from non-bank lenders.* We believe credit to middle-market companies from non-bank lenders will also be constrained as many of those lenders have either gone out of business, exited the market, or are winding down. Numerous hedge funds previously active in leveraged loans disappeared or contracted during the recent financial market crises, while others exited the lending market due to asset-liability mismatches. Other non-bank lenders exited lending due to balance sheet pressures. Furthermore, new collateralized loan obligation, or CLO, formation has been very limited in recent years and existing CLOs' authority to reinvest falls off sharply in coming years. Along with the constraints in bank lending, this situation provides a promising environment in which to originate loans to middle-market companies. We cannot, however, provide any assurance as to the length of time this tight credit supply will persist.

*Middle-market companies are increasingly seeking lenders with access to permanent capital for debt and equity capital.* We believe that many middle-market companies prefer to borrow from capital providers like us, rather than execute high-yield bond or equity transactions in the public markets that may necessitate increased financial and regulatory compliance and reporting obligations. Further, we believe many middle-market companies are inclined to seek capital from a small number of providers

with access to permanent capital that can satisfy their specific needs and can serve as value-added, long-term financial partners with an understanding of the companies' growth needs.

*Large Amount of Uninvested Private Equity Capital.* Private equity firms raised significant amounts of equity commitments over the period 2006 to 2008, far in excess of the amount of equity they invested. According to Pitchbook, from 2007 to December 2012 there was approximately \$328 billion of uninvested capital raised by private equity funds from U.S. investors. We believe the large amount of undeployed private equity capital will drive demand for leveraged buyouts over the next several years, which we believe will, in turn, create significant leveraged lending opportunities for us.

*Significant Refinancing Requirements.* A significant portion of the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 matures in the 2013 to 2015 time period. Much of this debt will need to be refinanced as it matures. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors should increase lending opportunities for us.

*Attractive Pricing and Conservative Deal Structures.* We believe that reduced access to, and availability of, debt capital has improved available loan pricing for middle-market lenders. Deals since the recent credit crisis occurred, which began in 2008 and included a period of disruption in the capital markets as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions, have included meaningful upfront fees, prepayment protections and, in some cases, warrants, all of which should enhance profitability to lenders.

Furthermore, since the credit crisis, lenders generally have required lower leverage levels, increased equity contributions and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more readily, creating stronger protections against a subsequent downturn.

## **Company History and BDC Conversion**

### *History*

We were organized on July 17, 2006, commenced operations on July 31, 2006 and registered as a non-diversified closed-end management investment company under the 1940 Act. We were formed as a limited liability company under the laws of the State of Delaware, converted to a Delaware corporation on April 2, 2012 and elected BDC status on April 2, 2012.

The Operating Company was formed as a limited partnership under the laws of the State of Delaware. On July 31, 2006, the Operating Company registered as a non-diversified closed-end management investment company under the 1940 Act. The Operating Company issued common limited partner interests to the Holding Company and also issued preferred limited partner interests to the lenders under the Leverage Program. The Operating Company elected to convert from a closed-end fund to a BDC on April 2, 2012. The Holding Company currently conducts its investment operations through the Operating Company. In this regard, the Holding Company will invest substantially all of the net proceeds from the offerings in the common limited partner interests of the Operating Company and the Operating Company, in turn, will invest the proceeds in portfolio companies. See "Use of Proceeds." Following termination of the Revolving Facilities, it is possible that the Operating Company will elect to terminate its existence, in which case it expects to redeem any Preferred Interests then outstanding and transfer its remaining assets to the Holding Company, and the Holding Company expects to continue operations as a stand-alone BDC and make investments directly, rather than through the Operating Company, in accordance with the investment objective and policies described herein. The Operating Company Facility is scheduled to mature on July 31, 2016, subject to a one-year

extension at the request of the Operating Company, and the TCPC Funding Facility is scheduled to mature on May 15, 2017, subject to a one-year extension at the request of TCPC Funding. TCPC Funding is a wholly-owned subsidiary of the Operating Company. The Operating Company will transfer certain loans it has originated or acquired or will originate or acquire from time to time to TCPC Funding pursuant to a Sale and Contribution Agreement and various supporting documentation. TCPC SBIC is a wholly-owned subsidiary of the Operating Company.

An organizational structure diagram showing our organizational structure is set forth below:

The Holding Company's management consists of the Advisor and its board of directors. The Operating Company's management consists of the Advisor, the General Partner and its board of directors. The board of directors of the Holding Company and the Operating Company are comprised of the same individuals, the majority of whom are independent of the Advisor and the General Partner. The Advisor directs and executes the day-to-day operations of the Holding Company, and the Advisor directs and executes the day-to-day investment operations and the General Partner directs and executes the day-to-day operational activities of the Operating Company, in each case subject to oversight from the respective boards of directors, which set the broad policies of the Holding Company and perform certain functions required by the 1940 Act for the Operating Company. The board of directors of the Operating Company has delegated investment management of the Operating Company's assets to the Advisor, subject to oversight by the board of directors. The managing member of the General Partner is the Advisor, which serves as the investment advisor of each of the Holding Company, the Operating Company and TCPC Funding. Substantially all of the equity interests in the General Partner are owned directly or indirectly by the Advisor, employees of the Advisor and Babson Capital Management, LLC, or Babson. The Holding Company currently owns all of the common interests in the Operating Company and expects to have the ability to maintain that status. While the Operating Company is permitted to issue securities to persons other than the Holding Company, under the Operating Company's limited partnership agreement, board approval is required to issue equity interests of the Operating Company, and the Holding Company directors also serve as the directors of the Operating Company so as to be able to control any issuances by the Operating Company. TCPC Funding is a wholly-owned subsidiary of the Operating Company. TCPC SBIC is a wholly-owned subsidiary of the Operating Company.

## Operating and Regulatory Tax Structure

The Holding Company elected to be treated for U.S. federal income tax purposes as a RIC under the Code. As a RIC, the Holding Company generally does not have to pay corporate-level federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. Neither the Operating Company nor TCPC Funding is a RIC, nor will either of them seek RIC status and instead each is intended to be treated as a partnership for tax purposes. The Holding Company and the Operating Company have elected to be treated as BDCs under the 1940 Act. As a BDC we are required to invest at least 70% of our total assets primarily in securities of private and certain U.S. public companies (other than investment companies and certain financial institutions), cash, cash equivalents, U.S. Government securities, and other high-quality debt investments that mature in one year or less and to comply with other regulatory requirements, including limitations on our use of debt. Because the Holding Company and the Operating Company are each BDCs, their assets, liabilities and results of operations will be consolidated for purposes of this 70% requirement.

## Conflicts of Interests

The Advisor and the General Partner currently do, and in the future may, manage funds and accounts other than the Company, which we refer to as the Other Advisor Accounts, with similar investment objectives as the Company. The investment policies, advisor compensation arrangements and other circumstances of the Company may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among the Company and Other Advisor Accounts. Investments that are suitable for the Company may not be suitable for the Other Advisor Accounts and investments that are suitable for the Other Advisor Accounts may not be suitable for the Company. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it or we may not have additional capital to invest at a time Other Advisor Accounts do. The Advisor and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and the Other Advisor Accounts. To the extent that investment opportunities are suitable for the Company and one or more Other Advisor Accounts, the Advisor and the General Partner will allocate investment opportunities pro rata among the Company and Other Advisor Accounts based on the amount of funds each then has available for such investment taking into account these factors. Investment opportunities in certain privately placed securities will be subject to allocation pursuant to the terms of a co-investment exemptive order under the 1940 Act applicable to funds and accounts managed by the Advisor and its affiliates.

There may be situations in which one or more funds or accounts managed by the Advisor or its affiliates might invest in different securities issued by the same company. It is possible that if the company's financial performance and condition deteriorates such that one or both investments are or could be impaired, the Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, the Advisor would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to each of its clients in the circumstances. Any steps by the Advisor will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

## Company Information

Our administrative and executive offices are located at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, and our telephone number is (310) 566-1094. The Advisor maintains a website at <http://www.tennenbaumcapital.com>. Information contained on this website is not incorporated by reference into this prospectus, and you should not consider information contained on the Advisor's website to be part of this prospectus.

## Risks

**Investing in the Company and the Securities offered by this prospectus involves a high degree of risk. These risks, among others, include:**

capital markets experienced a period of disruption and instability, which could return and could have a negative impact on our business and operations and the value of our Securities;

the risk of credit losses on our investments;

the risk of loss associated with leverage, illiquidity and valuation uncertainties in our investments, lower amounts of income per share while we are investing the proceeds from the offerings;

the possible lack of appropriate investments;

the risk of an inability to renew, extend or replace the Leverage Program, the lack of experience of the Advisor in managing a BDC and our dependence on such investment advisor;

the risky nature of the securities in which we invest;

our potential lack of control over our portfolio companies and our limited ability to invest in public or foreign companies;

the potential incentives to the Advisor to invest more speculatively than it would if it did not have an opportunity to earn incentive compensation;

our limitations on raising additional capital;

we are exposed to risks associated with changes in interest rates;

failure to continue to qualify as a BDC or the risk of loss of tax status as a RIC;

the risk of volatility in our stock price; and

the anti-takeover effect of certain provisions in our charter and in the Amended and Restated Limited Partnership Agreement of the Operating Company, or the Amended and Restated Limited Partnership Agreement.

See "Risks" beginning on page 23 of this prospectus for a more detailed discussion of these and other material risks you should carefully consider before deciding to invest in our Securities.

**Presentation of Historical Financial Information**

Unless otherwise indicated, historical references contained in this prospectus in " Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Senior Securities" and "Portfolio Companies" relate to the Holding Company and the Operating Company on a consolidated basis.

## THE OFFERING

We may offer, from time to time, in one or more offerings or series, together or separately, up to \$400 million of our Securities, which we expect to use to repay amounts outstanding under the Revolving Facilities, if any, (which will increase the funds under the Revolving Facilities available to us to make additional investments in portfolio companies) and to use the remainder to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses.

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 a particular offering will disclose the terms of that offering, including the name or names of any agents, underwriters or dealers involved in the sale of our Securities, the purchase price, and any fee, commission or discount arrangement between us and our agents, underwriters or dealers, or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell our Securities through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such Securities.

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

The Nasdaq Global Select Market Symbol  
Use of Proceeds

"TCPC"

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds to reduce our borrowings outstanding under the Revolving Facilities, if any, and to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. Pending investment, we may invest the remaining net proceeds of the offerings primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period. See "Use of Proceeds."

Investment Management Arrangements

The Holding Company and the Operating Company have entered into separate but substantially identical investment management agreements with the Advisor, under which the Advisor, subject to the overall supervision of our respective boards of directors, manages the day-to-day operations of and provides investment advisory services to the Holding Company and the Operating Company. For providing these services, the Advisor receives a base management fee calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) on a consolidated basis, payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or liabilities.



The investment management agreements also provide for performance based returns to the Advisor or the General Partner (referred to herein as "incentive compensation"). Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation was incurred until after January 1, 2013.

The incentive compensation is calculated as the sum of (1) 20% of all ordinary income since January 1, 2013 and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since January 1, 2013, with each component being subject to a total return limitation of 8% of contributed common equity. The incentive compensation initially is payable by making an equity allocation to the General Partner under the Operating Company's Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not distributed by the Operating Company, it would be paid pursuant to the investment management agreement between the Holding Company and the Advisor.

The incentive compensation has two components, ordinary income and capital gains. Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if the cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. If such cumulative total return does exceed 8%, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation to the extent such amount would exceed 20% of the cumulative total return of the Company that exceeds a 10% annual return on daily weighted average contributed common equity, plus all of the cumulative total return that exceeds an 8% annual return on daily weighted average contributed common equity but is not more than a 10% annual return on daily weighted average contributed common equity, less cumulative incentive compensation previously paid or distributed (whether on ordinary income or capital gains).

Subject to the above limitation, the ordinary income component of incentive compensation is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component of the incentive compensation is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed.

For purposes of the foregoing computations and the total return limitation, the relevant terms are defined in detail in the section entitled "Management of the Company Investment Management Agreements."

The base management fee is paid by the Operating Company to the Advisor and the incentive compensation, if any, is distributed by the Operating Company to the General Partner. The Holding Company, therefore, indirectly bears these amounts, which are reflected in our consolidated financial statements. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, such compensation would be paid to the Advisor directly by the Holding Company pursuant to its investment management agreement with the Advisor to ensure that the appropriate aggregate amount of incentive compensation is paid. On a consolidated basis, the aggregate compensation is limited to 1.5% of total assets and 20% of the relevant components of income and realized capital gains. See "Management of the Company Investment Management Agreements" for a more detailed description of the investment management arrangements.

Distributions

We intend to make quarterly distributions to our stockholders. The timing and amount of our quarterly distributions, if any, is determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. In addition, because we will invest substantially all of our assets in the Operating Company, we are only able to pay distributions on our common stock from distributions received from the Operating Company. The Operating Company intends to make distributions that are sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a regulated investment company, or a RIC. While it is intended that the distributions made by the Operating Company are sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a RIC, there can be no assurances that the distributions from the Operating Company are sufficient to pay distributions to our stockholders in the future.

Taxation

The Holding Company currently is a RIC for U.S. federal income tax purposes and intends to continue to qualify each year as a RIC. In order to qualify as a RIC, the Holding Company generally must satisfy certain income, asset diversification and distribution requirements. As long as it so qualifies, the Holding Company will not be subject to U.S. federal income tax to the extent that it distributes its investment company taxable income and net capital gain on a timely basis. The Holding Company will invest substantially all of the net proceeds from the offerings in the Operating Company, which is treated as a partnership for U.S. federal income tax purposes. Consequently, any references to, and description of, the U.S. federal income tax aspects of the Holding Company's investment practices and activities, in effect, takes into account the investment practices and activities of the Operating Company. See "Distributions" and "U.S. Federal Income Tax Matters."

Custodian	Wells Fargo Bank, National Association, or the Custodian, serves as our custodian. See "Custodian."
Transfer and Dividend Paying Agent	Wells Fargo Bank, National Association, or Wells Fargo, serves as our Transfer and Dividend Paying Agent. See "Transfer Agent."
Borrowings and Preferred Stock	We expect to use leverage, including through the Revolving Facilities, to make investments. We are exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested by us and therefore increases the risks associated with investing in our Securities. The Holding Company and the Operating Company will, on a consolidated basis, comply with the asset coverage and other requirements relating to the issuance of senior securities under the 1940 Act. Because the base investment advisory fee we pay the Advisor is calculated by reference to our total assets, the Advisor may have an incentive to increase our leverage in order to increase its fees. See "Risks."
Trading at a Discount	Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. We are not generally able to issue and sell our common stock at a price below our net asset value per share unless we have stockholder approval. At our 2014 annual meeting, held on May 15, 2014, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, our stockholders approved our ability to sell or otherwise issue shares of our common stock at any level of discount from net asset value per share for a twelve month period expiring on the anniversary of the date of stockholder approval. The possibility that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. Our net asset value immediately following an offering will reflect reductions resulting from the sales load and the amount of such offering expenses paid by us. This risk may have a greater effect on investors expecting to sell their shares soon after completion of such offering, and our shares may be more appropriate for long-term investors than for investors with shorter investment horizons. We cannot predict whether our shares will trade above, at or below net asset value. See "Risks."

Dividend Reinvestment Plan	<p>We have a dividend reinvestment plan for our stockholders. This is an "opt in" dividend reinvestment plan. As a result, if we declare a cash dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock. Stockholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received their distributions in cash. See "Dividend Reinvestment Plan."</p>
Anti-Takeover Provisions	<p>Our certificate of incorporation and the Amended and Restated Limited Partnership Agreement as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See "Description of Our Capital Stock."</p>
Administrator	<p>Under a separate administration agreement, the General Partner serves as our Administrator. As Administrator, the General Partner oversees our financial records, prepares reports to our stockholders and reports filed with the SEC, leases office space to us, provides us with equipment and office services and generally monitors the payment of our expenses and provides or supervises the performance of administrative and professional services used by us. We reimburse the Administrator for its costs in providing these services without paying any separate administration fee, markup or other profit in excess of fully allocated costs. Although the Administrator has waived these reimbursements through December 31, 2012, it discontinued such waiver starting at January 1, 2013. There is no predetermined limit on such expenses, however, reimbursement for any such expenses are subject to the review and approval of our board of directors.</p>
License Agreement	<p>We have entered into a royalty-free license agreement with the Advisor, pursuant to which the Advisor has agreed to grant us a non-exclusive license to use the name "TCP."</p>
Available Information	<p>We have filed with the SEC a registration statement on Form N-2 under the Securities Act of 1933, as amended, or the Securities Act, which contains additional information about us and our Securities being offered by this prospectus. We are obligated to file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room in Washington, D.C. and on the SEC's website at <a href="http://www.sec.gov">http://www.sec.gov</a>. See "Additional Information."</p>

The Advisor maintains a website at <http://www.tennenbaumcapital.com> and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information, including the SAI, which is incorporated by reference in this prospectus, available, free of charge, on or through this website. You may also obtain such information by contacting us at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, or by calling us collect at (310) 566-1094. Information contained on the Advisor's website is not incorporated by reference into this prospectus, and you should not consider information contained on the Advisor's website to be part of this prospectus.

## FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in this offering will bear directly or indirectly. **The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown.** The following table and example represent our best estimate of the fees and expenses that we expect to incur during the next twelve months. We currently do not intend to issue preferred stock in the next year. Further, the fees and expenses below are presented on a consolidated basis directly or indirectly to include expenses of the Company and the Operating Company that investors in this offering will bear.

<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 Fees	(3)
<b>Total Stockholder Transaction Expenses (as a percentage of offering price)</b>	<b>%</b>
<b>Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)(4)</b>	
Base Management Fees	2.39%(5)
Incentive Compensation Payable Under the Investment Management Agreement (20% of ordinary income and capital gains)	2.28%(6)
Interest Payments on Borrowed Funds	1.64%(7)
Preferred Dividends	0.21%(8)
Other Expenses	0.68%(9)
<b>Total Annual Expenses</b>	<b>7.20%</b>

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(1) In the event that the Securities to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the estimated applicable sales load.

(2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the estimated offering expenses borne by us as a percentage of the offering price.

(3) The expenses of the dividend reinvestment plan are included in "other expenses." See "Dividend Reinvestment Plan."

(4) The "net assets attributable to common stock" used to calculate the percentages in this table is our average assets of \$448.7 million for the 12 month period ended March 31, 2014. The related prospectus supplement will disclose the offering price and the total

stockholder transaction expenses as a percentage of the offering price.

(5)

Base management fees are paid quarterly in arrears. The base management fee of 1.5% is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The percentage shown in the table, which assumes all capital and leverage is invested at the maximum level, is calculated by determining the ratio that the aggregate base management fee bears to our net assets attributable to common stock and not total assets. We make this conversion because all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders. If we borrow money or issue preferred stock and invest the proceeds other than in cash and cash equivalents, our base management fees will increase. The base management fee for any partial quarter is appropriately pro rated. See "Management of the Company Investment Management Agreements."

- (6) Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation was incurred until after January 1, 2013. The incentive compensation has two components, ordinary income and capital gains. Each component is payable quarterly in arrears (or upon termination of the Advisor as the investment manager or the General Partner as of the termination date) and is calculated based on the cumulative return for periods beginning January 1, 2013 and ending on the relevant calculation date.

Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, notwithstanding the following provisions, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if our cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. The incentive compensation we would pay is subject to a total return limitation. That is, no incentive compensation is paid if our cumulative annual total return is less than 8% of our average contributed common equity. If our cumulative annual total return is above 8%, the total cumulative incentive compensation we pay is not more than 20% of our cumulative total return, or, if lower, the amount of our cumulative total return that exceeds the 8% annual rate.

Subject to the above limitation, the ordinary income component is the amount, if positive, equal to 20% of the cumulative ordinary income before incentive compensation, less cumulative ordinary income incentive compensation previously paid or distributed.

Subject to the above limitation, the capital gains component is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative net unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For assets held on January 1, 2013, capital gain, loss and depreciation are measured on an asset by asset basis against the value thereof as of December 31, 2012. The capital gains component is paid or distributed in full prior to payment or distribution of the ordinary income component.

- (7) "Interest Payments on Borrowed Funds" represents dividends, interest and fees estimated to be accrued on the Revolving Facilities and amortization of debt issuance costs, and assumes the Revolving Facilities is fully drawn (subject to asset coverage limitations under the 1940 Act) and that the interest rate on the debt issued (i) under the Operating Company Facility is the rate in effect as of March 31, 2014, which was 0.59% and (ii) under the TCPC Funding Facility is the rate in effect as of March 31, 2014, which was 2.74%. "Interest Payments on Borrowed Funds" additionally represents interest and fees estimated to be accrued on \$108.0 million in aggregate principal amount of our 5.25% convertible senior unsecured notes due 2019 (the "2019 Notes") issued and outstanding as of June 27, 2014, which bears interest at a rate of 5.25% per year and is convertible into shares of our common stock under certain circumstances. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

- (8) "Preferred Dividends" represents dividends estimated to be accumulated on the Preferred Interests and assumes that the dividend rate on the Preferred Interests is the rate in effect as of March 31, 2014, which was 1.03%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

- (9) "Other Expenses" includes our estimated overhead expenses, including expenses of the Advisor reimbursable under the investment management agreements and of the Administrator reimbursable under the administration agreement except for certain administration overhead costs which are not currently contemplated to be charged to us. Such expense estimate, other than the Administrator expenses, is based on actual other expenses for the twelve month period ended March 31, 2014.



**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses (including stockholder transaction expenses and annual expenses) that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above.

	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>
You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return	\$ 79	\$ 174	\$ 270	\$ 510

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. There is no incentive compensation either on income or on capital gains under our investment management agreements and the Amended and Restated Limited Partnership Agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our distributions to our common stockholders and our expenses would likely be higher. In addition, while the example assumes reinvestment of all dividends and distributions 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 or distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you," the "Company," the "Holding Company," the "Operating Company" or "us," our common stockholders will indirectly bear such fees or expenses, including through the Company's investment in the Operating Company.

**SELECTED FINANCIAL DATA**

The selected consolidated financial and other data below reflects the consolidated historical operations of the Holding Company and the Operating Company. This consolidated financial and other data is the Holding Company's historical financial and other data. The Operating Company will continue to be the Holding Company's sole investment following the completion of this offering.

The selected consolidated financial data below for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 has been derived from the consolidated financial statements that were audited by our independent registered public accounting firm. This selected financial data should be read in conjunction with our financial statements and related notes thereto, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included elsewhere in this prospectus.

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The historical and future financial information may not be representative of the Company's financial information in future periods.

	For the Year Ended December 31,				
	2013	2012	2011	2010	2009
<b>Performance Data:</b>					
Interest income	\$ 66,979,064	\$ 49,243,332	\$ 42,113,358	\$ 32,410,819	\$ 26,678,140
Dividend income		1,811,189	10,610,159	13,547,924	
Other income	2,629,982	1,138,238	2,134,159	1,842,469	417,533
<b>Total investment income</b>	<b>69,609,046</b>	<b>52,192,759</b>	<b>54,857,676</b>	<b>47,801,212</b>	<b>27,095,673</b>
Interest and credit agreement expenses	2,339,447	857,757	942,288	893,806	949,554
Investment advisory expense	8,820,229	6,908,942	6,787,188	6,787,188	6,787,188
Other expenses	4,119,108	4,105,700	1,520,474	1,213,685	1,426,099
<b>Total expenses</b>	<b>15,278,784</b>	<b>11,872,399</b>	<b>9,249,950</b>	<b>8,894,679</b>	<b>9,162,841</b>
<b>Net investment income</b>	<b>54,330,262</b>	<b>40,320,360</b>	<b>45,607,726</b>	<b>38,906,533</b>	<b>17,932,832</b>
<b>Realized and unrealized gains (losses)</b>	<b>9,071,361</b>	<b>(12,784,251)</b>	<b>(38,878,881)</b>	<b>31,621,019</b>	<b>36,142,346</b>
Dividends to preferred interest holders	(1,494,552)	(1,602,799)	(1,545,555)	(1,519,759)	(1,740,964)
Distributions of incentive allocation	(12,381,416)				
<b>Net increase (decrease) in net assets from operations</b>	<b>\$ 49,525,655</b>	<b>\$ 25,933,310</b>	<b>\$ 5,183,290</b>	<b>\$ 69,007,793</b>	<b>\$ 52,334,214</b>

**Per Share Data (at the end of the period):\***

Net increase (decrease) in net assets from operations	\$ 1.91	\$ 1.21	\$ 12.37	\$ 164.72	\$ 124.92
Distributions declared per share	(1.53)	(1.43)	(75.19)	(89.99)	(36.28)
Average weighted shares outstanding for the period	25,926,493	21,475,847	418,956	418,956	418,956

\*

Per share amounts prior to the Conversion on April 2, 2012 are calculated based on 418,956 shares outstanding. Per share amounts subsequent to the Conversion are calculated on weighted-average shares outstanding for each period.

	For the Year Ended December 31,				
	2013	2012	2011	2010	2009
<b>Assets and Liabilities Data:</b>					
Investments	\$ 766,262,959	517,683,087	378,960,536	453,034,872	343,062,967
Other assets	37,066,243	31,559,015	24,492,967	20,604,286	119,642,507

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Total assets	803,329,202	549,242,102	403,453,503	473,639,158	462,705,474
Amount drawn on credit facility	95,000,000	74,000,000	29,000,000	50,000,000	75,000,000
Other liabilities	23,045,112	24,728,267	2,116,211	25,050,178	20,431,955

Total liabilities	118,045,112	98,728,267	31,116,211	75,050,178	95,431,955
Preferred limited partner interests	134,504,252	134,526,285	134,466,418	134,377,869	134,368,337
Non-controlling interest	1,168,583				

Net assets	\$ 549,611,255	\$ 315,987,550	\$ 237,870,874	\$ 264,187,584	\$ 232,879,791
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### Investment Activity Data:

No. of portfolio companies at period end	67	54	41	44	40
Acquisitions	\$ 471,087,319	\$ 359,020,926	\$ 237,870,874	\$ 262,837,727	\$ 144,313,178
Sales, repayments, and other disposals	\$ 235,641,665	\$ 211,216,033	\$ 216,916,444	\$ 192,419,667	\$ 195,383,341
Weighted-Average Yield on debt investments at end of period	10.9%	11.3%	14.2%	13.1%	12.5%

## RISKS

*Before you invest in our Securities, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our Securities. The risks set out below are not the only risks we face, but they are the principal risks associated with an investment in the Company as well as generally associated with investment in a company with investment objectives, investment policies, capital structure or trading markets similar to the Company's. Additional risks and uncertainties not currently known to us or that are currently immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, or the value of our preferred stock, debt securities and warrants, if any are outstanding, may decline, and you may lose all or part of your investment.*

### **Certain risks in the current environment**

***Capital markets could experience a period of disruption and instability. Such market conditions have historically and could again have a material and adverse effect on debt and equity capital markets in the United States and abroad, which had, and may in the future have, a negative impact on our business and operations.***

The global capital markets have historically experienced extended periods of instability as evidenced by the periodic disruptions in liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions. Despite actions of the United States federal government and foreign governments during such periods, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. There can be no assurance that adverse market conditions will not repeat themselves or worsen in the future. If these adverse and volatile market conditions repeat themselves or worsen in the future, we and other companies in the financial services sector may have to access, if available, alternative markets for debt and equity capital in order to grow. Equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC, we are generally not able to issue additional shares of common stock at a price less than net asset value per share without first obtaining approval for such issuance from our stockholders and our independent directors. At our annual meeting of stockholders held on May 15, 2014, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, our stockholders approved our ability to sell or otherwise issue shares of our common stock at a price below its then current net asset value per share for a twelve month period expiring on the anniversary of the date of stockholder approval. It should be noted that, theoretically, we may offer up to 25% of our then outstanding common stock each day. In addition, our ability to incur indebtedness (including by issuing preferred stock) is limited by applicable regulations such that our asset coverage, as calculated in accordance with the 1940 Act, must equal at least 200% immediately after each time we incur indebtedness. The debt capital that will be available to us in the future, if at all, may be at a higher cost and on less favorable terms and conditions than our current leverage. Any inability to raise capital could have a negative effect on our business, financial condition and results of operations.

Moreover, the re-appearance of market conditions similar to those experienced from 2007 through succeeding years for any substantial length of time could make it difficult to extend the maturity of or refinance our existing indebtedness under similar terms, and any failure to do so could have a material adverse effect on our business.

Given the extreme volatility and dislocation that the capital markets have historically experienced, many BDCs have faced, and may in the future face, a challenging environment in which to raise or access capital. In addition, significant changes in the capital markets, including the extreme volatility and disruption over the past several years, has had, and may in the future have, a negative effect on the valuations of our investments and on the potential for liquidity events involving our investments. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can adversely affect our investment valuations. Further, the illiquidity of our investments may make it difficult for us to sell such investments to access capital if required. As a result, we could realize significantly less than the value at which we have recorded our investments if we were required to sell them for liquidity purposes. An inability to raise or access capital could have a material adverse impact on our business, financial condition or results of operations.

The current financial market situation, as well as various social and political tensions in the United States and around the world, particularly in the Middle East, may continue to contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets, and may cause further economic uncertainties or deterioration in the United States and worldwide. Since 2010, several European Union ("EU") countries, including Greece, Ireland, Italy, Spain, and Portugal have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. We do not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. We monitor developments and seek to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that we will be successful in doing so, and we may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

***Uncertainty about the financial stability of the United States and of several countries in the EU could have a significant adverse effect on our business, financial condition and results of operations.***

Due to federal budget deficit concerns, S&P downgraded the federal government's credit rating from AAA to AA+ for the first time in history on August 5, 2011. Further, Moody's and Fitch have warned that they may downgrade the federal government's credit rating. Further downgrades or warnings by S&P or other rating agencies, and the United States government's credit and deficit concerns in general, including issues around the federal debt ceiling, could cause interest rates and borrowing costs to rise, which may negatively impact both the perception of credit risk associated with our debt portfolio and our ability to access the debt markets on favorable terms. In addition, a decreased credit rating could create broader financial turmoil and uncertainty, which may weigh heavily on our financial performance and the value of our common stock.

In 2010, a financial crisis emerged in Europe, triggered by high budget deficits and rising direct and contingent sovereign debt in Greece, Ireland, Italy, Portugal and Spain, which created concerns about the ability of these nations to continue to service their sovereign debt obligations. While the financial stability of such countries has improved, risks resulting from any future debt crisis in Europe or any similar crisis could have a detrimental impact on the global economic recovery, sovereign and non-sovereign debt in these countries and the financial condition of European financial institutions. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt and home prices, among other factors. We cannot assure you that market disruptions in Europe, including

the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding any economic recovery in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition and results of operations could be significantly and adversely affected.

**Risks related to our business**

***We may not replicate the Company's historical performance or the historical performance of other entities managed or supported by the Advisor.***

We may not be able to replicate the Company's historical performance or the historical performance of the Advisor's investments, and our investment returns may be substantially lower than the returns achieved by the Company in the past. We can offer no assurance that the Advisor will be able to continue to implement our investment objective with the same degree of success as it has had in the past.

***We may suffer credit losses.***

Investment in middle-market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession, such as the United States and many other economies recently experienced or are currently experiencing.

***Our use of borrowed funds and preferred securities, including under the Leverage Program, to make investments exposes us to risks typically associated with leverage.***

The Operating Company borrows money, directly and indirectly through TCPC Funding, and has the Preferred Interests outstanding through the Leverage Program. As a result:

our common stock is exposed to incremental risk of loss and a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;

adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;

we, and indirectly our common stockholders, bear the entire cost of issuing and paying interest or dividends on any borrowed funds or preferred securities issued by us or the Operating Company;

our ability to pay dividends on our common stock will be restricted if our asset coverage ratio is not at least 200% (excluding debt issued by TCPC SBIC provided that exemptive relief is obtained) or TCPC SBIC is not in compliance with SBA regulations and any amounts used to service indebtedness or preferred stock would not be available for such dividends; and

our ability to amend the Operating Company organizational documents or investment management agreements may be restricted if such amendment could have a material adverse impact on the lenders under our Leverage Program.

The Preferred Interests and any preferred stock we may issue have similar risks to our common stockholders as borrowings. Such preferred securities rank "senior" to common stock in our capital structure, resulting in such preferred securities having certain separate voting rights, dividend and liquidation rights, and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock. For example, payment of dividends and repayment of the liquidation

preference of the Preferred Interests takes preference over any dividends or other payments to our common stockholders, and preferred holders are not subject to any of our expenses or losses. Furthermore, our Preferred Interests and the issuance of any additional preferred securities could delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in your best interest.

The use of leverage creates increased risk of loss and is considered a speculative investment technique. The use of leverage magnifies the potential gains and losses from an investment and increases the risk of loss of capital. To the extent that income derived by us from investments purchased with borrowed funds or the issuances of preferred stock is greater than the cost of borrowing or issuing and servicing the preferred stock, our net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased from these sources is not sufficient to cover the cost of the leverage, our net investment income will be less than if leverage had not been used, and the amount available for ultimate distribution to the holders of common stock will be reduced. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed. We may, under some circumstances, be required to dispose of investments under unfavorable market conditions in order to maintain our leverage, thus causing us to recognize a loss that might not otherwise have occurred. In the event of a sale of investments upon default under our borrowing arrangements, secured creditors will be contractually entitled to direct such sales and may be expected to do so in their interest, rather than in the interests of the holders of common stock. Holders of common stock will incur losses if the proceeds from a sale in any of the foregoing circumstances are insufficient, after payment in full of amounts due and payable on leverage, including administrative expenses, to repay such holders investments in our common stock. In addition, we, through TCPC SBIC, 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 TCPC SBIC that are superior to the claims of our common stockholders. As a result of these factors, you could experience a total loss of your investment. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. The ability to service any debt or the Preferred Interests that we have or may have outstanding depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. There is no limitation on the percentage of portfolio investments that can be pledged to secure borrowings. The amount of leverage that we employ at any particular time will depend on the Advisor's and our board of director's assessments of market and other factors at the time of any proposed borrowing.

***In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment under the Revolving Facilities or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations.***

Under the Leverage Program, we must comply with certain financial and operational covenants. These covenants include:

restrictions on the level of indebtedness that we are permitted to incur and the number of Preferred Interests we are permitted to have outstanding in relation to the value of our assets;

restrictions on our ability to make distributions and other restricted payments under certain circumstances;

restrictions on extraordinary events, such as mergers, consolidation and sales of assets;

restrictions on our ability to incur liens and incur indebtedness; and

maintenance of a minimum level of stockholders' equity.



In addition, by limiting the circumstances in which borrowings may occur under the Revolving Facilities, the credit agreements related to the Revolving Facilities, or the Credit Agreements, in effect provide for various asset coverage, credit quality and diversification limitations on our investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase losses or result in adverse tax consequences. As of June 26, 2014, we were in compliance with these covenants. However our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with the covenants in the Credit Agreements. Failure to comply with these covenants would result in a default under the Credit Agreements which, if we were unable to obtain a waiver from the lenders thereunder, could result in an acceleration of repayments under the Credit Agreements. In addition, a default under the Credit Agreements will, in certain circumstances, require the Preferred Interests to be redeemed. As such, failure to comply with these covenants could have a material adverse impact on our business, financial condition and results of operations.

The Operating Company Facility also has certain "key man" provisions. For example, it is an event of default if any of Michael E. Tennenbaum, Howard M. Levkowitz or Mark K. Holdsworth ceases to be actively involved in the management of the Advisor and is not replaced with someone with comparable skills within 180 days. Further, if any two of the individuals cease to be actively involved in management of the Advisor, the administrative agent under the Operating Company's Credit Agreement may veto a proposed replacement for one of such individuals and may veto any of the Operating Company's portfolio transactions that are in excess of 15% of its total assets until a replacement has been appointed to fill one of such positions.

***The Operating Company Facility matures in July 2016, the TCPC Funding Facility matures in May 2017 and the Preferred Interests will be subject to mandatory redemption in July 2016. Any inability to renew, extend or replace the Revolving Facilities or replace the Preferred Interests could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders, subject to extension by the lenders at our request.***

The Operating Company Facility matures July 31, 2016, subject to extension by the lenders at our request. Advances under the Operating Company Facility generally bear interest at LIBOR plus 0.44% per annum through July 31, 2014 and LIBOR plus 2.50% per annum during the period August 1, 2014 through July 31, 2016, in each case subject to certain limitations. The TCPC Funding Facility matures on May 15, 2017, subject to an extension by the lender at TCPC Funding's request. Advances under the TCPC Funding Facility generally bears interest based on LIBOR plus 2.50% per annum, subject to certain limitations. The Preferred Interests will be subject to mandatory redemption on July 31, 2016. We do not currently know whether we will renew, extend or replace the Revolving Facilities upon their maturities or replace the Preferred Interests, or if we do either or both, whether we will be able to do so on terms that are as favorable as the Revolving Facilities or Preferred Interests, respectively. In addition, we will be required to liquidate assets to repay amounts due under the Revolving Facilities or the Preferred Interests if we do not renew, extend or replace the Revolving Facilities or Preferred Interests prior to their respective maturities.

Upon the termination of the Revolving Facilities, there can be no assurance that we will be able to enter into a replacement facility on terms that are as favorable to us, if at all. We expect that any facility we enter into will likely be on terms less favorable than currently contained in the Operating Company Facility. Our ability to replace the Revolving Facilities may be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to replace the Revolving Facilities at the time of their 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.

***The creditors under the Revolving Facilities have a first claim on all of the Company's assets included in the collateral for the Revolving Facilities.***

Lenders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred holders. Substantially all of our current assets have been pledged as collateral under the Revolving Facilities. If an event of default occurs under the Revolving Facilities, the lenders would be permitted to accelerate amounts due under the Revolving Facilities and liquidate our assets to pay off amounts owed under the Revolving Facilities and limitations would be imposed on us with respect to the purchase or sale of investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase our losses or result in adverse tax consequences.

In the event of the dissolution of the Operating Company or otherwise, if the proceeds of the Operating Company's assets (after payment in full of obligations to any such debtors and of any liquidation preference to any holders of preferred stock) are insufficient to repay capital invested in us by the holders of the common stock, no other assets will be available for the payment of any deficiency. None of our board of directors, the Advisor, the General Partner or any of their respective affiliates, have any liability for the repayment of capital contributions made to the Company by the holders of common stock. Holders of common stock could experience a total loss of their investment in the Company.

***Lenders under the Operating Company Facility may have a veto power over the Company's investment policies.***

If a default has occurred under the Operating Company Facility, the lenders under the Operating Company Facility may veto changes in investment policies. The Operating Company Facility also has certain limitations on unusual types of investments such as commodities, real estate and speculative derivatives, which are not part of the Company's investment strategy or policies in any event.

***TCPC SBIC may be unable to make distributions to us that will enable us to meet or maintain RIC status, which could result in the imposition of an entity-level tax.***

In order for us to continue to qualify for RIC tax treatment and to minimize corporate-level taxes, we will be required to distribute substantially all of our net ordinary income and net capital gain income, including income from certain of our subsidiaries, which includes the income from TCPC SBIC. We will be partially dependent on TCPC SBIC for cash distributions to enable us to meet the RIC distribution requirements. TCPC SBIC 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 maintain our status as a RIC. We may have to request a waiver of the SBA's restrictions for TCPC SBIC to make certain distributions to maintain our eligibility for RIC status. We cannot assure you that the SBA will grant such a waiver and if TCPC SBIC is unable to obtain a waiver, compliance with the SBA regulations may result in loss of RIC tax treatment and a consequent imposition of an entity-level tax on us.

***TCPC SBIC is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations.***

On April 22, 2014, the Operating Company's wholly-owned subsidiary, TCPC SBIC received an SBIC license from the SBA. The SBIC license allows TCPC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed

debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to TCPC SBIC's assets over our stockholders in the event we liquidate TCPC SBIC or the SBA exercises its remedies under the SBA-guaranteed debentures issued by TCPC SBIC upon an event of default.

Under current SBA regulations, a licensed SBIC can provide capital to those entities that have a tangible net worth not exceeding \$18.0 million and an average annual net income after Federal income taxes not exceeding \$6.0 million for the two most recent fiscal years. In addition, a licensed SBIC must devote 25.0% of its investment activity to those entities that have a tangible net worth not exceeding \$6.0 million and an average annual net income after Federal income taxes not exceeding \$2.0 million for the two most recent fiscal years. The SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on factors such as the number of employees and gross sales. The SBA regulations permit licensed SBICs to make long term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. 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. Compliance with SBA requirements may cause TCPC SBIC 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 any transfers of the capital stock of a licensed SBIC. If TCPC SBIC fails to comply with applicable SBA regulations, the SBA could, depending on the severity of the violation, limit or prohibit its use of debentures, declare outstanding debentures immediately due and payable, and/or limit it from making new investments. In addition, the SBA can 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 or any rule or regulation promulgated thereunder. The Advisor, as TCPC SBIC's investment adviser, does not have any prior experience managing an SBIC. Its lack of experience in complying with SBA regulations may hinder its ability to take advantage of TCPC SBIC's access to SBA-guaranteed debentures. Any failure to comply with SBA regulations could have an adverse effect on our operations.

***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. A proposed bill in the U.S. Senate, the Expanding Access to Capital for Entrepreneurial Act, or Senate Bill 511, would increase the total SBIC leverage capacity for affiliated SBIC funds from \$225 million to \$350 million. However, the ultimate form and likely outcome of such legislation or any similar legislation cannot be predicted.

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 December 31, 2013, TCPC SBIC did not have any SBA-guaranteed debentures outstanding. If we reach the maximum dollar amount of SBA-guaranteed debentures permitted, and if we require additional capital, our cost of capital may increase, and there is no assurance that we will be able to obtain additional financing on acceptable terms.

Moreover, the current status of TCPC SBIC as an SBIC does not automatically assure that TCPC SBIC will continue to receive SBA-guaranteed debenture funding. Receipt of SBA leverage funding is

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dependent upon TCPC SBIC 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 TCPC SBIC.

The debentures guaranteed by the SBA have a maturity of ten years and require semi-annual payments of interest. TCPC SBIC will need to generate sufficient cash flow to make required interest payments on the debentures. If TCPC SBIC is unable to meet their financial obligations under the debentures, the SBA, as a creditor, will have a superior claim to TCPC SBIC's assets over our stockholders in the event we liquidate TCPC SBIC or the SBA exercises its remedies under such debentures as the result of a default by us.

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

Our investments generally are made and will continue to be made in private companies. Substantially all of these securities will be subject to legal and other restrictions on resale or will be otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. 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 our investments. Further, we may face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we or an affiliated manager has material non-public information regarding such portfolio company.

***A substantial portion of our portfolio investments may be recorded at fair value as determined in good faith by or under the direction of our board of directors and, as a result, there may be uncertainty regarding the value of our portfolio investments.***

The debt and equity investments that we make for which market quotations are not readily available will be valued at fair value as determined in good faith by or under the direction of our board of directors. Due to the inherent uncertainty of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments, and the differences could be material. Our net asset value could be adversely affected if determinations regarding the fair value of these investments were materially higher than the values ultimately realized upon the disposal of such investments.

***We are exposed to risks associated with changes in interest rates.***

General interest rate fluctuations may have a substantial negative impact on our investments, the value of our common stock and our rate of return on invested capital. A reduction in the interest rates on new investments relative to interest rates on current investments could also have an adverse impact on our net investment income. An increase in interest rates could decrease the value of any investments we hold that earn fixed interest rates, including subordinated loans, senior and junior secured and unsecured debt securities and loans and high-yield bonds, and also could increase our interest expense, thereby decreasing our net income. Also, an increase in interest rates available to investors could make investment in our common stock less attractive if we are not able to increase our dividend rate, which could reduce the value of our common stock.

On December 18, 2013, the Federal Reserve announced that it would scale back its bond-buying program, or quantitative easing, which is designed to stimulate the economy and expand the Federal Reserve's holdings of long-term securities until key economic indicators, such as the unemployment rate, show signs of improvement. The Federal Reserve signaled it would reduce its purchases of

long-term Treasury bonds and would scale back its purchases of mortgage-backed securities. It is unclear what effect, if any, the incremental reduction in the rate of the Federal Reserve's monthly purchases will have on the economy, market interest rates or the value of our investments. However, it is possible that absent continued quantitative easing by the Federal Reserve, these developments could cause interest rates and borrowing costs to rise, which may negatively affect the economy, including our ability and the ability of our portfolio companies to access the debt markets on favorable terms.

***The Advisor may face conflicts in allocating investment opportunities between us and certain other entities that could adversely impact our investment returns.***

The Advisor and its affiliates, employees and associates currently do and in the future may manage other funds and accounts, including for other accounts in which certain holders of our common stock have investments, which we refer to as Other Advisor Accounts. Although our investment policies, fee arrangements and other circumstances may vary from those of Other Advisor Accounts, Other Advisor Accounts may invest in assets that are also eligible for purchase by us. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and Other Advisor Accounts. In general, the Advisor and its affiliates will allocate investment opportunities pro rata among us and Other Advisor Accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available. The allocation of certain investment opportunities in private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us and described below. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it or we may not have additional capital to invest at a time Other Advisor Accounts do. When our investment allocations are made on a basis other than pro rata our investment performance may be less favorable when compared to the investment performance of Other Advisor Accounts with respect to those investments. The Advisor and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate given the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and the Other Advisor Accounts. See " Risks related to our operations as a BDC While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated co-investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us."

There may be situations in which Other Advisor Accounts and the Company might invest in different securities issued by the same portfolio company. It is possible that if the portfolio company's financial performance and condition deteriorates such that one or both investments are or could be impaired, the Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, the Advisor would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to the Other Advisor Accounts and the Company under the circumstances. Any steps by the Advisor will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

Moreover, the Advisor's investment professionals, its Investment Committee (as defined below), its senior management and employees serve or may serve as officers, directors or principals of entities that operate in the same or a related line of business. Accordingly, these individuals may have obligations to investors in those entities or funds, the fulfillment of which might not be in our best interests or the

best interests of our stockholders. In addition, certain of the personnel employed by the Advisor or focused on our business may change in ways that are detrimental to our business.

***We have limited operating history as a BDC and, if the Advisor is unable to manage our investments effectively, we may be unable to achieve our investment objective.***

Our ability to achieve our investment objective will depend on our ability to manage our business, which will depend, in turn, on the ability of the Advisor to identify, invest in and monitor companies that meet our investment criteria. Accomplishing this result will largely be a function of the Advisor's investment process. Although the Advisor manages closed-end funds with similar restrictions, the 1940 Act imposes numerous constraints on the operations of BDCs. The Advisor's limited experience in operating under these constraints may hinder the Advisor's ability to help us take advantage of attractive investment opportunities and to achieve our investment objectives. For example, BDCs are prohibited from making any nonqualifying investment unless at least 70% of their total assets are primarily in qualifying investments, which are primarily securities of private or thinly-traded U.S. companies (excluding certain financial companies), cash, cash equivalents, U.S. Government securities and other high quality debt investments that mature in one year or less. The Advisor has limited experience investing under these constraints. In addition, the General Partner has limited experience administering a BDC.

***The Advisor and its partners, officers, directors, stockholders, members, managers, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, us.***

The Advisor and its affiliates may spend substantial time on other business activities, including investment management and advisory activities for entities with the same or overlapping investment objectives, investing for their own account, financial advisory services (including services for entities in which we invest), and acting as directors, officers, creditor committee members or in similar capacities. Subject to the requirements of the 1940 Act and other applicable laws, the Advisor and its affiliates and associates intend to engage in such activities and may receive compensation from third parties for their services. Subject to the same requirements, such compensation may be payable by entities in which we invest in connection with actual or contemplated investments, and the Advisor may receive fees and other compensation in connection with structuring investments which they will share.

The Advisor's management fee is based on a percentage of our total assets (other than cash or cash equivalents) and the Advisor may have conflicts of interest in connection with decisions that could affect our total assets, such as decisions as to whether to incur additional debt to increase management fees paid and to recoup the Advisor's payment of half of the sales load in connection with our initial public offering in April 2012.

***Our incentive compensation may induce the Advisor to make certain investments, including speculative investments.***

The incentive compensation payable by us to the Advisor and the General Partner may create an incentive for the Advisor to make investments on our behalf that are riskier or more speculative than would be the case in the absence of such compensation arrangement. The way in which the incentive compensation payable to the Advisor is determined may encourage the Advisor to increase the use of leverage or take additional risk to increase the return on our investments. Under certain circumstances, the use of leverage may increase the likelihood of default, which would disfavor the holders of our common stock, including investors in the offerings pursuant to this prospectus and any related prospectus supplement, or of securities convertible into our common stock or warrants representing rights to purchase our common stock or securities convertible into our common stock. A rise in the general level of interest rates can be expected to lead to higher interest rates applicable to certain of

our debt investments and may accordingly result in a substantial increase in the amount of incentive compensation payable to the Advisor with respect to our cumulative investment income. Although the incentive compensation payable to the General Partner or the Advisor is subject to a total return limitation, the Advisor may have some ability to accelerate the realization of gains to obtain incentive compensation earlier than it otherwise would when it may be in our best interests to not yet realize gains. Our directors monitor our use of leverage and the Advisor's management of our investment program including our use of leverage, to ensure that such activities are conducted in a manner consistent with the best interests of our common stockholders.

We may invest, to the extent permitted by law, in the securities and instruments of other investment companies, including private funds, and, to the extent we so invest, we will bear our ratable share of any such investment company's expenses, including management and performance fees. We will also remain obligated to pay management and incentive compensation to the Advisor with respect to the assets invested in the securities and instruments of other investment companies. With respect to each of these investments, each of our common stockholders will bear his or her share of our management and incentive compensation as well as indirectly bear the management and performance fees and other expenses of any investment companies in which we invest.

***We may be obligated to pay the Advisor incentive compensation payments in excess of the amounts we would have paid if such compensation was subject to clawback arrangements.***

The Advisor or the General Partner is entitled to incentive compensation for each fiscal quarter after January 1, 2013 in an amount equal to a percentage of our ordinary income (before deducting incentive compensation) since that date and, separately, a percentage of our realized capital gains (net of realized capital losses and unrealized depreciation) since that date, in each case subject to a cumulative total return requirement. If we pay incentive compensation and thereafter experience additional realized capital losses or unrealized capital depreciation such that we would no longer have been required to provide incentive compensation, we will not be able to recover any portion of the incentive compensation previously paid or distributed because our incentive compensation arrangements do not contain any clawback provisions. As a result, the incentive compensation could exceed 20% of our cumulative total return, depending on the timing of unrealized appreciation, net unrealized depreciation and net realized capital losses. For example, part of the incentive compensation payable or distributable by us that relates to our ordinary income is computed on income that may include interest that has been accrued (in some cases at an increasing rate) but not yet received in cash. If a portfolio company defaults on a loan, it is possible that accrued interest previously used in the calculation of the incentive compensation will become uncollectible. Similarly, the income component is measured against a total return limitation that includes unrealized gains. Such gains may not be realized or may be realized at a lower amount. Consequently, we may have paid incentive compensation on income in circumstances where we otherwise would not have done so and with respect to which we do not have a clawback right against the Advisor or the General Partner.

***The General Partner may have certain interests that conflict with the interests of the board of directors in the governance of the Operating Company.***

The General Partner, an affiliate of the Advisor, is responsible for the day-to-day operations of the Operating Company subject to the general supervision of the board of directors including various significant matters such as the issuance of additional classes of securities of the Operating Company and the determination of the timing and amounts of distributions payable by the Operating Company. The decisions of the General Partner with respect to these and other matters may be subject to various conflicts of interest arising out of its relationship with us and its affiliates. The General Partner could be confronted with decisions where it will, directly or indirectly, have an economic incentive to place its interests or the interests of its affiliates above ours.

***The procedures for the appointment and removal of directors from the board of directors of the Operating Company differ from those of the Holding Company, which may result in the boards of directors of the Operating Company and the Holding Company consisting of different members.***

The procedures for the appointment and removal of directors from the board of directors of the Operating Company differ from those of the Holding Company, which may result in the boards of directors of the Operating Company and the Holding Company consisting of different members. If the boards of directors of the Operating Company and the Holding Company consist of different members, the objectives of the boards of directors may differ and decisions regarding the management of the Operating Company may adversely affect the Holding Company.

***We are dependent upon senior management personnel of the Advisor for our future success, and if the Advisor is unable to retain qualified personnel or if the Advisor loses any member of its senior management team, our ability to achieve our investment objective could be significantly harmed.***

The success of the Company is highly dependent on the financial and managerial expertise of the Advisor. The loss of one or more of the voting members of the Investment Committee could have a material adverse effect on the performance of the Company. Although the Advisor and the voting members of the Investment Committee devote a significant amount of their respective efforts to the Company, they actively manage investments for other clients and are not required to (and will not) devote all of their time to the Company's affairs.

***The Advisor or its affiliates may, from time to time, possess material non-public information, limiting our investment discretion.***

The Advisor's investment professionals, Investment Committee or their respective affiliates may serve as directors of, or in a similar capacity with, companies in which we invest. In the event that material non-public information is obtained with respect to such companies, or we became subject to trading restrictions under the internal trading policies of those companies or as a result of applicable law or regulations, we could be prohibited for a period of time from purchasing or selling the securities of such companies, and this prohibition may have an adverse effect on us and, consequently, your interests as a stockholder.

***The Advisor can resign on 60 days' notice, and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations that could adversely affect our financial condition, business and results of operations.***

The Advisor has the right, under our investment management agreement, to resign at any time upon not more than 60 days' written notice, whether we have found a replacement or not. If the Advisor resigns, we may not be able to find a new investment advisor or hire internal management with similar expertise and ability to provide the same or equivalent services on acceptable terms within 60 days, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial condition, business and results of operations as well as our ability to pay distributions are likely to be adversely affected and the market price of our shares may decline. In addition, the coordination of our internal management and investment activities is likely to suffer if we are unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by the Advisor and its affiliates. Even if we are able to retain comparable management, whether internal or external, the integration of such management and their lack of familiarity with our investment objective may result in additional costs and time delays that may adversely affect our financial condition, business and results of operations.



***We may experience fluctuations in our periodic operating results.***

We could experience fluctuations in our periodic operating results due to a number of factors, including the interest rates payable on the debt securities we acquire, the default rate on such securities, the level of our expenses (including the interest rates payable on our borrowings), the dividend rates payable on preferred stock we issue, 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.

***If we fail to maintain our status as a business development company, our business and operating flexibility could be significantly reduced.***

We qualify as business development companies under the 1940 Act. The 1940 Act imposes numerous constraints on the operations of business development companies. For example, BDCs are prohibited from making any unqualifying investments unless at least 70% of their total assets are invested in qualifying investments which are primarily securities of private or thinly-traded U.S. companies, cash, cash equivalents, U.S. government securities and other high quality debt investments that mature in one year or less. Failure to comply with the requirements imposed on business development companies by the 1940 Act could cause the SEC to bring an enforcement action against us and/or expose us to claims of private litigants. In addition, any such failure could cause an event of default under the Leverage Program, which could have a materially adverse effect on our business, financial conditions or results of operations. See "Regulation." Such a failure could also have adverse tax consequences. See "U.S. Federal Income Tax Matters Failure to Qualify as a RIC."

***Because we intend 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 growth. If additional funds are unavailable or not available on favorable terms, our ability to grow will be impaired.***

In order for the Holding Company to qualify for the tax benefits available to RICs and to avoid payment of excise taxes, we intend to distribute to our stockholders substantially all of our annual taxable income, except that we may retain certain net capital gains for reinvestment in common interests of the Operating Company, and treat such amounts as deemed distributions to our stockholders. If we elect to treat any amounts as deemed distributions, we must pay income taxes at the corporate rate on such deemed distributions on behalf of our stockholders and our stockholders will receive a tax credit for such amounts and an increase in basis. A stockholder that is not subject to U.S. federal income tax or otherwise is not 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. As a result of these requirements, we will likely need to raise capital from other sources to grow our business. Unfavorable economic or capital market conditions may increase our funding costs, limit our access to the capital markets or could result in a decision by lenders not to extend credit to us. An inability to successfully access the capital markets could limit our ability to grow our business and fully execute our business strategy and could decrease our earnings, if any.

As a BDC, we are not able to incur senior securities unless after giving effect thereto we meet a coverage ratio of total assets, less liabilities and indebtedness not represented by senior securities, to total senior securities, which includes all of our borrowings and any outstanding preferred interests, of at least 200%. These requirements limit the amount that we may borrow. Because we will continue to need capital to grow our investment portfolio, these limitations may prevent us from incurring debt and require us to raise additional equity at a time when it may be disadvantageous to do so. While we expect we will be able to borrow and to issue additional debt securities and expect that we will be able to issue additional equity securities, we cannot assure you that debt and equity financing will be available to us on favorable terms, or at all. In addition, as a business development company, we

generally will not be permitted to issue equity securities priced below net asset value without stockholder approval. If additional funds are not available to us, we could be forced to curtail or cease new investment activities and our net asset value or common stock price could decline.

***The highly competitive market in which we operate may limit our investment opportunities.***

A number of entities compete with us to make the types of investments that we make. We compete with other BDCs, other SBICs, public and private funds, commercial and investment banks, commercial financing companies, and, to the extent they provide an alternative form of financing, private equity funds. Additionally, because competition for investment opportunities generally has increased among alternative investment vehicles, such as hedge funds, those entities now invest in areas in which they have not traditionally invested. As a result of these new entrants, competition for investment opportunities intensified over the past several years and may intensify further in the future. Some of our existing and potential 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 funds and access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions and valuation requirements that the 1940 Act imposes on us as a BDC and that the Code imposes on us as a RIC. We cannot assure you that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations. Also, as a result of this existing and potentially increasing competition, we may not be able to take advantage of attractive investment opportunities from time to time, and we can offer no assurance that we will be able to identify and make investments that are consistent with our investment objective.

We do not seek to compete primarily based on the interest rates we offer, and we believe that some of our competitors make loans with interest rates that are comparable to or lower than the rates we offer.

We may lose investment opportunities if we do not match our competitors' pricing, terms and structure. If we match our competitors' pricing, terms and structure, we may experience decreased net interest income and increased risk of credit loss. As a result of operating in such a competitive environment, we may make investments that are on better terms to our portfolio companies than what we may have originally anticipated, which may impact our return on these investments.

***Our board of directors may change our operating policies and strategies without prior notice or stockholder approval.***

Our board of directors has the authority to modify or waive our operating policies and strategies without prior notice and without stockholder approval. We cannot predict the effect any changes to our current operating policies and strategies would have on our business, operating results or value of our stock. Nevertheless, the effects could adversely affect our business and impact our ability to make distributions and cause you to lose all or part of your investment.

**Risks related to our investments**

***We cannot assure you that we will be able to successfully deploy the proceeds of offerings within the timeframe we have contemplated.***

We currently anticipate that a portion of the net proceeds of future offerings will be invested in accordance with our investment objective within six to twelve months following completion of any such offering. We cannot assure you, however, that we will be able to locate a sufficient number of suitable investment opportunities to allow us to successfully deploy in that timeframe that portion of net

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proceeds of such future offerings. To the extent we are unable to invest within our contemplated timeframe after the completion of an offering, our investment income, and in turn our results of operations, will likely be adversely affected.

***We have not yet identified the portfolio company investments we intend to acquire using the proceeds of the offerings.***

We have not yet identified the potential investments for our portfolio that we will purchase following the future offerings pursuant to this prospectus and any related prospectus supplement. The Advisor will select our investments subsequent to the closing of any such offering, and our stockholders will have no input with respect to such investment decisions. These factors increase the uncertainty, and thus the risk, of investing in our Securities.

***Our investments may be risky, and you could lose all or part of your investment.***

We invest primarily in middle-market companies primarily through leveraged loans.

*Risks Associated with middle-market companies.* Investing in private middle-market companies involves a number of significant risks, including:

these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that we hold, which may be accompanied by a deterioration in the value of any collateral;

they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

they 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 the portfolio company and, in turn, on us;

they 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;

our executive officers, directors and the Advisor may, in the ordinary course of business, be named as defendants in litigation arising from our investments in the portfolio companies;

changes in laws and regulations, as well as their interpretations, may adversely affect their respective businesses, financial structures or prospects; and

they may have difficulty accessing the capital markets to meet future capital needs.

Little public information exists about private middle-market companies, and we expect to rely on the Advisor's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies. These companies and their financial information are not subject to the Sarbanes-Oxley Act of 2002 and other rules that govern disclosures and financial controls of public companies. If we are unable to uncover all material information about these companies, we may not make a fully informed investment decision, and we may lose money on our investment.

*Lower Credit Quality Obligations.* Most of our debt investments are likely to be in lower grade obligations. The lower grade investments in which we invest may be rated below investment grade by one or more nationally-recognized statistical rating agencies at the time of investment or may be unrated but determined by the Advisor to be of comparable quality. Debt securities rated below investment grade are commonly referred to as "junk bonds" and are considered speculative with



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respect to the issuer's capacity to pay interest and repay principal. The debt that we invest in typically is not initially rated by any rating agency, but we believe that if such investments were rated, they would be below investment grade (rated lower than "Baa3" by Moody's Investors Service, lower than "BBB-" by Fitch Ratings or lower than "BBB-" by Standard & Poor's). We may invest without limit in debt of any rating, as well as debt that has not been rated by any nationally recognized statistical rating organization.

Investment in lower grade investments involves a substantial risk of loss. Lower grade securities or comparable unrated securities are considered predominantly speculative with respect to the issuer's ability to pay interest and principal and are susceptible to default or decline in market value due to adverse economic and business developments. The market values for lower grade debt tend to be very volatile and are less liquid than investment grade securities. For these reasons, your investment in our company is subject to the following specific risks:

increased price sensitivity to a deteriorating economic environment;

greater risk of loss due to default or declining credit quality;

adverse company specific events are more likely to render the issuer unable to make interest and/or principal payments; and

if a negative perception of the lower grade debt market develops, the price and liquidity of lower grade securities may be depressed. This negative perception could last for a significant period of time.

Adverse changes in economic conditions are more likely to lead to a weakened capacity of a lower grade issuer to make principal payments and interest payments than an investment grade issuer. The principal amount of lower grade securities outstanding has proliferated in the past decade as an increasing number of issuers have used lower grade securities for corporate financing. An economic downturn could severely affect the ability of highly leveraged issuers to service their debt obligations or to repay their obligations upon maturity. Similarly, downturns in profitability in specific industries could adversely affect the ability of lower grade issuers in that industry to meet their obligations. The market values of lower grade debt tend to reflect individual developments of the issuer to a greater extent than do higher quality investments, which react primarily to fluctuations in the general level of interest rates. Factors having an adverse impact on the market value of lower grade debt may have an adverse effect on our net asset value and the market value of our common stock. In addition, we may incur additional expenses to the extent we are required to seek recovery upon a default in payment of principal or interest on our portfolio holdings. In certain circumstances, we may be required to foreclose on an issuer's assets and take possession of its property or operations. In such circumstances, we would incur additional costs in disposing of such assets and potential liabilities from operating any business acquired.

The secondary market for lower grade debt is unlikely to be as liquid as the secondary market for more highly rated debt, a factor which may have an adverse effect on our ability to dispose of a particular instrument. There are fewer dealers in the market for lower grade securities than investment grade obligations. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally larger than for higher quality instruments. Under adverse market or economic conditions, the secondary market for lower grade debt could contract further, independent of any specific adverse changes in the condition of a particular issuer, and these instruments may become highly illiquid. As a result, we could find it more difficult to sell these instruments or may be able to sell the securities only at prices lower than if such instruments were widely traded. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating our net asset value.

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Since investors generally perceive that there are greater risks associated with lower grade debt of the type in which we may invest a portion of our assets, the yields and prices of such debt may tend to fluctuate more than those for higher rated instruments. In the lower quality segments of the fixed income markets, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the income securities market, resulting in greater yield and price volatility.

*Distressed Debt Securities Risk.* At times, distressed debt obligations may not produce income and may require us to bear certain extraordinary expenses (including legal, accounting, valuation and transaction expenses) in order to protect and recover our investment. Therefore, our ability to achieve current income for our stockholders may be diminished. We also will be subject to significant uncertainty as to when and in what manner and for what value the distressed debt we invest in will eventually be satisfied (e.g., through a liquidation of the obligor's assets, an exchange offer or plan of reorganization involving the distressed debt securities or a payment of some amount in satisfaction of the obligation). In addition, even if an exchange offer is made or plan of reorganization is adopted with respect to distressed debt we hold, there can be no assurance that the securities or other assets received by us in connection with such exchange offer or plan of reorganization will not have a lower value or income potential than may have been anticipated when the investment was made. Moreover, any securities received by us upon completion of an exchange offer or plan of reorganization may be restricted as to resale. As a result of our participation in negotiations with respect to any exchange offer or plan of reorganization with respect to an issuer of distressed debt, we may be restricted from disposing of such securities.

*Payment-in-kind Interest Risk and Original Issue Discount.* Our loans may contain a payment-in-kind, or PIK, interest provision or may be issued with original issue discount (OID). PIK and OID investments may carry additional risk as interest earned on these types of securities is deferred in whole or in part. Generally, investments with material amounts of deferred interest may reflect an increased credit risk if, for example, the deferral of PIK interest increases the loan-to-value ratio. If the issuer defaults, the Company may obtain no return or a reduced return on its investment. PIK interest, computed at the contractual rate specified in each loan agreement, is added to the principal balance of the loan and recorded as interest income, whereas in OID the issuer pays cash interest on the full principal amount which results in the OID being amortized over the term of the loan. To avoid the imposition of corporate-level tax on us, these non-cash sources of income need to be paid out to stockholders in cash distributions or, in the event that we determine to do so and in certain cases, in shares of our common stock, even though we may have not yet collected and may never collect the cash relating to the PIK or OID interest.

*Preferred Stock Risk.* To the extent we invest in preferred securities, there are special risks, including:

*Deferral.* Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. If we own a preferred security that is deferring its distributions, we may be required to report income for tax purposes although we have not yet received such income.

*Subordination.* Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments.

*Liquidity.* Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. Government securities.

*Limited Voting Rights.* Generally, preferred security holders have no voting rights with respect to the issuing company unless preferred dividends have been in arrears for a specified number of periods, at which time the preferred security holders may elect a number of directors to the issuer's board. Generally, once all the arrearages have been paid, the preferred security holders no longer have voting rights.

*Equity Security Risk.* We may have exposure to equity securities. Although equity securities have historically generated higher average total returns than fixed-income securities over the long term, equity securities also have experienced significantly more volatility in those returns. The equity securities that we acquire may fail to appreciate and may decline in value or become worthless.

*Hedging Transactions.* We may employ hedging techniques to minimize currency exchange rate risks or interest rate risks, but we can offer no assurance that such strategies will be effective. If we engage in hedging transactions, we may expose ourselves to risks associated with such transactions. Hedging against a decline in the values of our portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that we are not able to enter into a hedging transaction at an acceptable price. Additionally, engaging in certain hedging transactions could result in adverse tax consequences, e.g. giving rise to income that does not qualify for the 90% annual gross income requirement applicable to RICs.

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

Over the past several years, the U.S. had been in a prolonged recessionary period followed by slower than historical rates of GDP growth, and it may return to a recessionary period or remain in a period of slow growth. Many other economies are currently in or slowly emerging from a prolonged recessionary period. Although these conditions have ameliorated to some extent, they could continue for a prolonged period of time or worsen in the future. In addition, several EU countries continue to face budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. Economic slowdowns or recessions could lead to financial losses in our portfolio and a decrease in revenues, net income and assets. 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. These events could prevent us from increasing investments and 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 our portfolio company's ability to meet its obligations under the debt securities that we hold. We may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting portfolio company. In addition, if one of our portfolio companies were to go bankrupt, even though we or one of our affiliates may have structured our interest in such portfolio company as senior debt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might re-characterize our debt holding as equity and subordinate all or a portion of our claim to claims of other creditors.

***We may not be in a position to exercise control over our portfolio companies or to prevent decisions by management of our portfolio companies that could decrease the value of our investments.***

We do not generally intend to take controlling equity positions in our portfolio companies. To the extent that we do not hold a controlling equity interest in a portfolio company, we are subject to the risk that such portfolio company may make business decisions with which we disagree, and the

stockholders and management of such portfolio company may take risks or otherwise act in ways that are adverse to our interests. Due to the lack of liquidity for the debt and equity investments that we typically hold in our portfolio companies, we may not be able to dispose of our investments in the event we disagree with the actions of a portfolio company, and may therefore suffer a decrease in the value of our investments.

In addition, we may not be in a position to control any portfolio company by investing in its debt securities. 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.

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

The portfolio companies we invest in usually have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt securities in which we invest. By their terms, such debt instruments may provide that the holders are entitled to receive payment of interest or principal on or before the dates on which we are entitled to receive payments in respect of the debt securities 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 in respect of our investment. 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 securities in which we invest, we would have to share any distributions on an equal and ratable basis with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio company.

Additionally, certain loans that we make to portfolio companies may be secured on a second priority basis by the same collateral securing senior secured debt of such companies. The first priority liens on the collateral will secure the portfolio company's obligations under any outstanding senior debt and may secure certain other future debt that may be permitted to be incurred by the portfolio company under the agreements governing the loans. The holders of obligations secured by the first priority liens on the collateral will generally control the liquidation of and be entitled to receive proceeds from any realization of the collateral to repay their obligations in full before us. In addition, the value of the collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. 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 the second priority liens after payment in full of all obligations secured by the first priority liens on the collateral. If such proceeds are not sufficient to repay amounts outstanding under the loan obligations secured by the 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 portfolio company's remaining assets, if any.

The rights we may have with respect to the collateral securing the loans we make to our portfolio companies with senior debt outstanding may also be limited pursuant to the terms of one or more intercreditor agreements that we enter into with the holders of senior debt. Under such an intercreditor agreement, at any time that obligations that have the benefit of the first priority liens are outstanding, any of the following actions that may be taken in respect of the collateral will be at the direction of the holders of the obligations secured by the first priority liens: the ability to cause the commencement of enforcement proceedings against the collateral; the ability to control the conduct of such proceedings; the approval of amendments to collateral documents; releases of liens on the collateral; and waivers of



past defaults under collateral documents. We may not have the ability to control or direct such actions, even if our rights are adversely affected.

We may also make unsecured loans to portfolio companies, meaning that such loans will not benefit from any interest in collateral of such companies. Liens on such portfolio companies' collateral, if any, will secure the portfolio company's obligations under its outstanding secured debt and may secure certain future debt that is permitted to be incurred by the portfolio company under its secured loan agreements. The holders of obligations secured by such liens will generally control the liquidation of, and be entitled to receive proceeds from, any realization of such collateral to repay their obligations in full before us. In addition, the value of such collateral in the event of liquidation will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from sales of such collateral would be sufficient to satisfy our unsecured loan obligations after payment in full of all secured loan obligations. If such proceeds were not sufficient to repay the outstanding secured loan obligations, then our unsecured claims would rank equally with the unpaid portion of such secured creditors' claims against the portfolio company's remaining assets, if any.

***Our portfolio companies may prepay loans, which prepayment may reduce stated yields in the future if capital returned cannot be invested in transactions with equal or greater expected yields.***

Certain of the loans we make are prepayable at any time, some of them of them at no premium to par. We cannot predict when such loans may be prepaid. Whether a loan is prepaid will depend both on the continued positive performance of the portfolio company and the existence of favorable financing market conditions that permit such company to replace existing financing with less expensive capital. As market conditions change frequently, it is unknown when, and if, this may be possible for each portfolio company. In the case of some of these loans, having the loan prepaid early may reduce the achievable yield for the Company in the future below the current yield disclosed for our portfolio if the capital returned cannot be invested in transactions with equal or greater expected yields.

***Our failure to make follow-on investments in our portfolio companies could impair the value of our portfolio.***

Following an initial investment in a portfolio company, we may make additional investments in that portfolio company as "follow-on" investments in order to: (1) increase or maintain in whole or in part our equity ownership percentage; (2) exercise warrants, options or convertible securities that were acquired in the original or subsequent financing; or (3) attempt to preserve or enhance the value of our initial investment.

We may elect not to make follow-on investments or otherwise lack sufficient funds to make those investments. Our failure to make follow-on investments may, in some circumstances, jeopardize the continued viability of a portfolio company and our initial investment, or may result in a missed opportunity for us to increase our participation in a successful operation. Even if we have sufficient capital to make a desired follow-on investment, we may elect not to make such follow-on investment because we may not want to increase our concentration of risk, because we prefer other opportunities, because we are inhibited by compliance with BDC requirements or because we desire to maintain our tax status.

***Our investments in foreign securities may involve significant risks in addition to the risks inherent in U.S. investments.***

Our investment strategy contemplates that a portion of our investments may be in securities of foreign companies in order to provide diversification or to complement our U.S. investments, although we are required generally to invest at least 70% of our assets in companies organized and having their principal place of business within the U.S. and its possessions. Investing in foreign companies may

expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Although it is anticipated that most of our investments will be denominated in U.S. dollars, our investments that are denominated in a foreign currency will be subject to the risk that the value of a particular currency may change in relation to the U.S. dollar. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. We may employ hedging techniques to minimize these risks, but we can offer no assurance that we will, in fact, hedge currency risk or, that if we do, such strategies will be effective. As a result, a change in currency exchange rates may adversely affect our profitability.

#### **Risks related to our operations as a BDC**

*While our ability to enter into transactions with our affiliates is restricted under the 1940 Act, we have received an exemptive order from the SEC permitting certain affiliated co-investments subject to certain conditions. As a result, the Advisor may face conflicts of interests and investments made pursuant to the exemptive order conditions could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us.*

Any person that owns, directly or indirectly, 5% or more of our outstanding voting securities or is managed by the Advisor will generally be our affiliate for purposes of the 1940 Act and we are generally prohibited from participating in certain transactions such as co-investing with, or buying or selling any security from or to, such affiliate, absent the prior approval of our independent directors and, in some cases, of the SEC. However, the Advisor and the funds managed by the Advisor have received an exemption from certain SEC regulations prohibiting transactions with affiliates. The exemptive order requires that certain procedures be followed prior to making an investment subject to the order and such procedures could in certain circumstances adversely affect the price paid or received by us or the availability or size of the position purchased or sold by us. The Advisor may also face conflicts of interest in making investments pursuant to the exemptive order. See "Management of the Company Exemptive Order" and "Risks related to our business" We have limited operating history as a BDC, and if the Advisor is unable to manage our investments effectively, we may be unable to achieve our investment objective. In addition, the Advisor may face conflicts in allocating investment opportunities between us and certain other entities that could impact our investment returns."

The 1940 Act also prohibits certain "joint" transactions with certain of our affiliates, which could include investments in the same portfolio company (whether at the same or different times), without prior approval of our independent directors and, in some cases, of the SEC. We are prohibited from buying or selling any security from or to any person who owns more than 25% of our voting securities and from or to certain of that person's affiliates, or entering into prohibited joint transactions with such persons, absent the prior approval of the SEC (other than certain limited situations pursuant to current regulatory guidance). The analysis of whether a particular transaction constitutes a joint transaction requires a review of the relevant facts and circumstances relating to the particular transaction. Similar restrictions limit our ability to transact business with our officers or directors or their affiliates.

***Regulations governing our operation as a BDC may limit our ability to, and the way in which we, raise additional capital, which could have a material adverse impact on our liquidity, financial condition and results of operations.***

Our business may in the future require a substantial amount of capital in addition to the proceeds of these offerings. We may acquire additional capital from the issuance of additional shares of our common stock or from the additional issuance of senior securities (including debt and preferred stock). However, we may not be able to raise additional capital in the future on favorable terms or at all.

Our board of directors may decide to issue common stock to finance our operations rather than issuing debt or other senior securities. As a BDC, we are generally not able to issue our common stock at a price below net asset value without first obtaining required approvals from our stockholders and our independent directors. If our common stock trades at a discount to net asset value, those restrictions could adversely affect our ability to raise equity capital. Except in connection with the exercise of warrants or the conversion of convertible securities, in any such case the price at which our securities are to be issued and sold may not be less than a price, that in the determination of our board of directors, closely approximates the market value of such securities at the relevant time. We may also make rights offerings to our stockholders at prices per share less than the net asset value per share, subject to the 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 such stockholders may experience dilution.

We may only issue senior securities up to the maximum amount permitted by the 1940 Act. The 1940 Act permits us to issue senior securities only in amounts such that our asset coverage, as defined in the 1940 Act, equals at least 200% after such issuance or incurrence. If our assets decline in value and we fail to satisfy this test or any stricter test under the terms of our leverage instruments, we may be required to liquidate a portion of our investments and repay a portion of our indebtedness at a time when such sales or repayment may be disadvantageous, which could have a material adverse impact on our liquidity, financial condition and results of operations.

We are seeking exemptive relief from the SEC to permit us to exclude the debt of TCPC SBIC guaranteed by the SBA from the definition of senior securities in the 200% asset coverage ratio we are required to maintain under the 1940 Act. If we receive the exemptive relief, we will have the ability to incur leverage in excess of the amounts set forth in the 1940 Act.

***Changes in the laws or regulations governing our business or the business of our portfolio companies, or changes in the interpretations thereof or newly enacted legislation and regulations, and any failure by us or our portfolio companies to comply with these laws or regulations, could have a material adverse effect on our business, results of operations or financial condition of us or our portfolio companies.***

We are subject to changing rules and regulations of federal and state governments, as well as the stock exchange in which our common stock is listed. These entities, including the Public Company Accounting Oversight Board, the SEC, the SBA and The Nasdaq Global Select Market, have issued a significant number of new and increasingly complex requirements and regulations over the course of the last several years and continue to develop additional regulations. Changes in the laws or regulations or the interpretations of the laws and regulations that govern BDCs, SBICs, RICs or non-depository commercial lenders could significantly affect our operations and our cost of doing business. We are subject to federal, state and local laws and regulations and are subject to judicial and administrative decisions that affect our operations, including our loan originations, maximum interest rates, fees and other charges, disclosures to portfolio companies, the terms of secured transactions, collection and foreclosure procedures and other trade practices. If these laws, regulations or decisions change, or if we expand our business into jurisdictions that have adopted more stringent requirements than those in which we currently conduct business, we may have to incur significant expenses in order to comply, or

we might have to restrict our operations. In addition, if we do not comply with applicable laws, regulations and decisions, we may lose licenses needed for the conduct of our business and may be subject to civil fines and criminal penalties, any of which could have a material adverse effect upon our business, results of operations or financial condition.

In addition, any change to the SBA's current debenture SBIC program could have a significant impact on our ability to obtain lower-cost leverage, through TCPC SBIC, and therefore, our ability to compete with other finance companies.

***If we do not invest a sufficient portion of our assets in qualifying assets, we could be precluded from investing in certain assets or could be required to dispose of certain assets, which could have a material adverse effect on our business, financial condition and results of operations.***

As a BDC, we are prohibited from acquiring any assets other than "qualifying assets" unless, at the time of and after giving effect to such acquisition, at least 70% of our total assets are qualifying assets. As of December 31, 2013, approximately \$100.4 million, or approximately 12.6%, of our total assets were not "qualifying assets." If we do not invest a sufficient portion of our assets in qualifying assets, we will be prohibited from investing in additional non-qualifying assets, which could 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) or could require us to dispose of investments at inopportune times in order to come into compliance with the 1940 Act. If we need to dispose of these investments quickly, it may be difficult to dispose of such investments on favorable terms. For example, we may have difficulty in finding a buyer and, even if a buyer is found, we may have to sell the investments at a substantial loss.

***We will be subject to corporate-level U.S. federal income tax on all of our income if we are unable to qualify as a RIC under the Code, which would have a material adverse effect on our financial performance.***

Although we are currently qualified as a RIC, no assurance can be given that we will be able to maintain RIC status. To maintain RIC status and be relieved of U.S. federal income taxes on income and gains distributed to its stockholders, we generally must meet the annual distribution, source-of-income and asset diversification requirements described below. In addition, our Leverage Program prohibits us from making distributions if doing so causes us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or the Leverage Program.

To qualify as a RIC under the Code, we generally must meet certain source-of-income, asset diversification and annual distribution requirements. The annual distribution requirement for a RIC is satisfied if we distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, to our stockholders. Since we use debt financing and have Preferred Interests outstanding, we are subject to certain asset coverage ratio requirements and other financial covenants under the terms of the Leverage Program, and we are, in some circumstances, also subject to similar requirements under the 1940 Act. The requirements could, under certain circumstances, restrict us from making distributions necessary to qualify as a RIC. If we are unable to obtain cash from other sources, we may fail to qualify as a RIC and, thus, may be subject to corporate-level income tax. To qualify as a RIC, we generally must also meet certain asset diversification requirements at the end of each calendar quarter. Failure to meet these tests may result in our having to dispose of certain investments quickly in order to prevent the loss of RIC status. Because we anticipate that most of our investments will be in private companies, any such dispositions could be made at disadvantageous prices and may result in substantial losses.

If we fail to qualify as a RIC for any reason and become subject to corporate-level income tax, the resulting corporate-level income taxes could substantially reduce our net assets, the amount of income

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available for distribution and the amount of our distributions. For additional discussion regarding the tax implications of a RIC, see "U.S. Federal Income Tax Matters."

***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 include in income certain amounts that we have not yet received in cash, such as original issue discount, which may arise if we receive warrants in connection with the making of a loan or possibly in other circumstances, or PIK interest, which represents contractual interest added to the loan balance and due in the future, often only at the end of the loan. Such original issue discount, which could be significant relative to our overall investment activities, or increases in loan balances as a result of PIK arrangements are generally included in our taxable income before we receive any corresponding cash payments. We also may be required to include in income certain other amounts that we do not receive in cash.

Since we may recognize taxable income before or without receiving cash representing such income, if we invest to a substantial extent in non-cash paying debt instruments we may have difficulty meeting the tax requirement to distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, to maintain our status as a RIC. Accordingly, we may have to sell some of our investments at times we would not consider advantageous, raise additional debt or equity capital or reduce new investment originations to meet these distribution requirements.

***There is a risk that you may not receive distributions or that our distributions may not grow over time and a portion of our distributions may be a return of capital.***

We intend to make distributions on a quarterly basis 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 adversely affected by the impact of one or more of the risk factors described in this prospectus. Due to the asset coverage test applicable to us under the 1940 Act as a BDC, we may be limited in our ability to make distributions.

***Efforts to comply with Section 404 of the Sarbanes-Oxley Act involve significant expenditures, and non-compliance with Section 404 of the Sarbanes-Oxley Act may adversely affect us and the market price of our common stock.***

Under current SEC rules, we are required to report on our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and related rules and regulations of the SEC. We are required to review on an annual basis our internal control over financial reporting, and on a quarterly and annual basis to evaluate and disclose changes in our internal control over financial reporting. As a result, we are incurring additional expenses that may negatively impact our financial performance and our ability to make distributions. This process results in a diversion of management's time and attention. We cannot be certain as to the timing of completion of our evaluation, testing and remediation actions or the impact of the same on our operations, and we may not be able to ensure that the process is effective or that our internal control over financial reporting is or will be effective in a timely manner. In the event that we are unable to maintain or achieve compliance with Section 404 of the Sarbanes-Oxley Act and related rules, we and the market price of our common stock may be adversely affected.

**Risks relating to the offerings pursuant to this prospectus**

*We may use proceeds of future offerings in a way with which you may not agree.*

We will have significant flexibility in applying the proceeds of the offerings and may use the net proceeds from the offerings in ways with which you may not agree, or for purposes other than those contemplated at the time of such offerings. We will also pay operating expenses, and may pay other expenses such as due diligence expenses of potential new investments, from the net proceeds of future offerings. Our ability to achieve our investment objective may be limited to the extent that net proceeds of such offerings, pending full investment, are used to pay expenses rather than to make investments.

*If we incur additional leverage, it will increase the risk of investing in shares of our common stock.*

The Company has indebtedness and the Preferred Interests outstanding pursuant to the Leverage Program and expects, in the future, to borrow additional amounts under the Revolving Facilities and may increase the size of the Revolving Facilities or enter into other borrowing arrangements. The Company's portfolio must experience an annual return of 0.67% in order to cover annual interest and dividend payments under the Leverage Program as of December 31, 2013.

*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 and preferred dividends. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of leverage at December 31, 2013, which represented borrowings and preferred stock equal to 28.5% of our total assets. On such date, we also had \$803.3 million in total assets; an average cost of funds of 1.38%; \$229.0 million aggregate principal amount of debt and liquidation preference of the Preferred Interests outstanding; and \$552.3 million of total net assets. In order to compute the "Corresponding Return to Common Stockholders," the "Assumed Return on Portfolio (Net of Expenses Other than Interest)" is multiplied by the total value of our investment portfolio at December 31, 2013 to obtain an assumed return to us. From this amount, the interest expense and preferred dividends calculated by multiplying the blended interest and dividend rate of 1.38% by the \$229.0 million of debt and preferred stock is subtracted to determine the return available to common stockholders. The return available to common stockholders is then divided by the total value of our net assets at December 31, 2013 to determine the "Corresponding Return to Common Stockholders." Actual interest payments and preferred dividends may be different.

**Assumed Return on Portfolio**

<b>(Net of Expenses Other than Interest and Preferred Dividends)</b>	<b>-10%</b>	<b>-5%</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>
<b>Corresponding Return to Common Stockholders</b>	<b>-14%</b>	<b>-8%</b>	<b>-1%</b>	<b>6%</b>	<b>13</b>

The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

*Our most recent NAV was calculated as of March 31, 2014 and our NAV when calculated as of any date thereafter may be higher or lower.*

Our most recent NAV per share is \$15.32 determined by us as of March 31, 2014. NAV per share as of June 30, 2014, may be higher or lower than \$15.32 based on potential changes in valuations, issuances of securities and earnings for the quarter then ended. Our board of directors has not yet approved the fair value of portfolio investments as of any date subsequent to March 31, 2014. Our board of directors approves in good faith the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly financial statements and based on input from independent valuation firms, the Advisor, the Administrator and the audit committee of our board of directors.

*Shares of our common stock may trade at a discount to our net asset value per share.*

Common stock of BDCs, like that of closed-end investment companies, frequently trades at a discount to current net asset value, which could adversely affect the ability to raise capital. In the past, shares of our common stock have traded at a discount to our net asset value. The risk that shares of our common stock may continue to trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline.

*If we sell shares of our 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.*

The issuance or sale by us of shares of our common stock at a discount to net asset value poses a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares of common stock 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 of common stock 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 issuance 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 the prospectus supplement pursuant to which such sale is made.

*Your interest in us may be diluted if you do not fully acquire your proportionate share of any warrants, options or other rights to subscribe for, convert to, or purchase our common stock that we sell. In addition, in such circumstances, if the price at which we sell such warrants, options or other rights to subscribe for, convert to, or purchase our common stock, together with the exercise price, is less than our net asset value per share, then you will experience dilution of the net asset value of your shares.*

We received authority from our stockholders at our 2013 annual meeting to issue warrants, options or other rights to subscribe for, convert to, or purchase shares of our common stock, which may include convertible preferred stock and convertible debentures. In the event we issue warrants, options or other rights to subscribe for, convert into, or purchase our common stock, stockholders who do not exercise such rights will own a smaller proportional interest in us than would otherwise be the case, thereby diluting the proportionate ownership interest and voting power of such stockholder. We cannot state precisely the amount of any such dilution in share ownership or voting power because we have no current intention of making any such offering and do not know at this time the terms or amount of such rights. The amount of dilution that a stockholder will experience could be substantial and the market price and net asset value per share of our common stock could be adversely affected. Our common stockholders will also indirectly bear the expenses associated with any rights offering we may conduct, regardless of whether they elect to exercise any rights.

In addition, if the price at which we sell such warrants, options or other rights to subscribe for, convert to, or purchase our common stock, together with the exercise price, is less than the net asset value per share of our common stock, then our stockholders who do not acquire their proportionate share of such rights will experience 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 price of the warrants, options or other rights to subscribe for, convert into, or purchase our common stock and net asset value per share will be.

*Our common stock price may be volatile and may fluctuate substantially.*

As with any stock, the price of our common stock will fluctuate with market conditions and other factors. If you sell shares, the price received may be more or less than the original investment. Net

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asset value will be reduced immediately following our offering by the amount of the sales load and selling expenses paid by us. At our 2014 annual meeting of stockholders held on May 15, 2014, our stockholders approved our ability, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, to sell shares of our common stock at any level of discount from net asset value per share during the 12 month period following the date of the meeting. It should be noted that, theoretically, we may offer up to 25% of our then outstanding common stock each day. Our common stock is intended for long-term investors and should not be treated as a trading vehicle. Shares of BDCs and closed-end management investment companies, which are structured similarly to us, frequently trade at a discount from their net asset value. This characteristic of closed-end investment companies is separate and distinct from the risk that our net asset value per share of common stock may decline. We cannot predict whether our common stock will trade at, above or below net asset value. This risk of loss associated with this characteristic of BDCs and closed-end management investment companies may be greater for investors who sell their shares in a relatively short period of time after completion of an offering.

### *The market price of our Securities may fluctuate significantly.*

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 the sector in which we operate, which are not necessarily related to the operating performance of these companies;

price and volume fluctuations in the overall stock market from time to time;

changes in law, regulatory policies or tax guidelines, particularly with respect to SBICs, RICs or BDCs;

our loss of RIC status or TCPC SBIC's loss of SBIC status;

changes in earnings or variations in operating results;

changes in the value of our portfolio of investments;

any shortfall in revenue or net income or any increase in losses from levels expected by investors or securities analysts;

departure of key personnel from the Advisor;

operating performance of companies comparable to us;

short-selling pressure with respect to shares of our common stock or BDCs generally;

future sales of our securities convertible into or exchangeable or exercisable for our common stock or the conversion of such securities;

uncertainty surrounding the strength of the U.S. economic recovery;

general economic trends and other external factors; and



loss of a major funding source.

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

Our credit ratings are an assessment by third parties of our ability to pay our obligations. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of

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our debt securities. Our credit ratings, however, may not reflect the potential impact of risks related to market conditions generally or other factors discussed above on the market value of or trading market for the publicly issued debt securities. Our debt securities may be rated by a nationally recognized statistical rating organization.

***Senior securities, including debt, expose us to additional risks, including the typical risks associated with leverage and could adversely affect our business, financial condition and results of operations.***

We currently use our Revolving Facility to leverage our portfolio and we expect in the future to borrow from and issue senior debt securities to banks and other lenders.

With certain limited exceptions, as a BDC, we are only allowed to borrow amounts or otherwise issue senior securities such that our asset coverage, as defined in the 1940 Act, is at least 200% after such borrowing or other issuance. The amount of leverage that we employ will depend on the Advisor's and our Board of Directors' assessment of market conditions and other factors at the time of any proposed borrowing. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for stockholders, any of which could adversely affect our business, financial condition and results of operations, including the following:

A likelihood of greater volatility in the net asset value and market price of our common stock;

Diminished operating flexibility as a result of asset coverage or investment portfolio composition requirements required by lenders or investors that are more stringent than those imposed by the 1940 Act;

The possibility that investments will have to be liquidated at less than full value or at inopportune times to comply with debt covenants or to pay interest or dividends on the leverage;

Increased operating expenses due to the cost of leverage, including issuance and servicing costs;

Convertible or exchangeable securities may have rights, preferences and privileges more favorable than those of our common stock;

Subordination to lenders' superior claims on our assets as a result of which lenders will be able to receive proceeds available in the case of our liquidation before any proceeds will be distributed to our stockholders;

Increased difficulty for us to meet our payment and other obligations under our outstanding debt;

The occurrence of an event of default if we fail to comply with the financial and/or other restrictive covenants contained in our debt agreements, including the Credit Agreements, which event of default could result in all or some of our debt becoming immediately due and payable;

Reduced availability of our cash flow to fund investments, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;

The risk of increased sensitivity to interest rate increases on our indebtedness with variable interest rates, including borrowings under our Leverage Program; and

Reduced flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy.

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For example, the amount we may borrow under our Revolving Facilities is determined, in part, by the fair value of our investments. If the fair value of our investments declines, we may be forced to sell investments at a loss to maintain compliance with our borrowing limits. Other debt facilities we may

enter into in the future may contain similar provisions. Any such forced sales would reduce our net asset value and also make it difficult for the net asset value to recover. The Advisor and our Board of Directors in their best judgment nevertheless may determine to use leverage if they expect that the benefits to our stockholders of maintaining the leveraged position will outweigh the risks.

In addition, our ability to meet our payment and other obligations of the Leverage Program depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under our existing credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations any debt we may issue and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under any debt we may issue.

***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, such as the Preferred Interests, 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.

***Holders of any preferred stock we might issue would have the right to elect members of the board of directors and class voting rights on certain matters.***

Holders of any preferred stock we might issue, voting separately as a single class, would have the right to elect two members of the board of directors at all times and in the event dividends become two full years in arrears would have the right to elect a majority of the directors until such arrearage is completely eliminated. Holders of the Operating Company's currently outstanding Preferred Interests may elect two board members of the Operating Company. In addition, preferred stockholders have class voting rights on certain matters, including changes in fundamental investment restrictions and conversion to open-end status, and accordingly can veto any such changes. Restrictions imposed on the declarations and payment of dividends or other distributions to the holders of our common stock and preferred stock, both by the 1940 Act and by requirements imposed by rating agencies or the terms of our credit facilities, might impair our ability to maintain our qualification as a RIC for federal income tax purposes. While we would intend to redeem our preferred stock to the extent necessary to enable us to distribute our income as required to maintain our qualification as a RIC, there can be no assurance that such actions could be effected in time to meet the tax requirements.

***The trading market or market value of any publicly issued debt securities that we may issue may fluctuate.***

If we issued public debt securities, such debt securities may or may not have an established trading market. We cannot assure any future noteholders that a trading market for any publicly issued debt securities we may issue will ever 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 securities. These factors include, but are not limited to, 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 ratings assigned by national statistical ratings agencies;

the general economic environment;

the supply of debt securities trading in the secondary market, if any;

the redemption or repayment 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.

Our potential noteholders should also be aware that there may be a limited number of buyers when they decide to sell their debt securities. This too may materially adversely affect the market value of the debt securities or the trading market for the debt securities.

***Terms relating to redemption may materially adversely affect our noteholders return on any debt securities that we may issue.***

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

***There is a risk that investors in our common stock may not receive dividends or that our dividends may not grow over time and investors in our debt securities may not receive all of the interest income to which they are entitled.***

We intend to make distributions on a quarterly basis 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. If we declare a dividend and if more stockholders opt to receive cash distributions rather than participate in our dividend reinvestment plan, we may be forced to sell some of our investments in order to make cash dividend payments.

In addition, due to the asset coverage test applicable to us as a BDC, we may be limited in our ability to make distributions. Further, if we invest a greater amount of assets in equity securities that do not pay current dividends, it could reduce the amount available for distribution.

The above-referenced restrictions on distributions may also inhibit our ability to make required interest payments to holders of our debt, which may cause a default under the terms of our debt agreements. Such a default could materially increase our cost of raising capital, as well as cause us to incur penalties under the terms of our debt agreements.

***Investing in our Securities may involve a high degree of risk and is highly speculative.***

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

***Common stockholders may experience dilution in their ownership percentage if they do not participate in our dividend reinvestment plan.***

Our dividends are generally declared in cash and stockholders must "opt in" to our dividend reinvestment plan if they want such shares to be automatically reinvested in shares of our common stock. As a result, our stockholders that do not opt in to our dividend reinvestment plan will experience dilution to their ownership percentage of our common stock over time.

***Certain provisions of the Delaware General Corporation Law and our certificate of incorporation and bylaws and certain aspects of our structure could deter takeover attempts and have an adverse impact on the price of our common stock.***

The Delaware General Corporation Law, our certificate of incorporation and our bylaws contain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price of our common stock.

For example, to convert us to a closed-end or open-end investment company, to merge or consolidate us with any entity or sell all or substantially all of our assets to any entity in a transaction as a result of which the governing documents of the surviving entity do not contain substantially the same anti-takeover provisions as are provided in our certificate of incorporation or to liquidate and dissolve us other than in connection with a qualifying merger, consolidation or sale of assets or to amend certain of the provisions relating to these matters, our certificate of incorporation requires either (i) the favorable vote of a majority of our continuing directors followed by the favorable vote of the holders of a majority of our then outstanding shares of each affected class or series of our shares, voting separately as a class or series or (ii) the favorable vote of at least 80% of the then outstanding shares of our capital stock, voting together as a single class.

In addition, the board of directors of the Operating Company is appointed by different procedures than the board of the Holding Company, which could lead to the boards of directors of the Operating Company and the Holding Company having different compositions. Such a difference in composition may further hinder or delay an acquisition proposal.

***Our stockholders may receive shares of our common stock as dividends, which could result in adverse tax consequences to stockholders.***

In order to satisfy the annual distribution requirement applicable to RICs, we have the ability to declare a large portion of a dividend in shares of our common stock instead of in cash. As long as a portion of such dividend is paid in cash and certain requirements are met, the entire distribution would be treated as a dividend for U.S. federal income tax purposes. As a result, a stockholder would be taxed on 100% of the dividend in the same manner as a cash dividend, even though most of the dividend was paid in shares of our common stock.

***Sales of substantial amounts of our common stock in the public market may have an adverse effect on the market price of our common stock.***

Sales of substantial amounts of our common stock, or the availability of such common stock for sale, could adversely affect the prevailing market prices for our common stock. If this occurs and continues, it could impair our ability to raise additional capital through the sale of securities should we desire to do so.

***Future transactions and these offerings may limit our ability to use our capital loss carryforwards.***

We have capital loss carryforwards for U.S. federal income tax purposes. Subject to certain limitations, capital loss carryforwards may be used to offset future recognized capital gains. Section 382

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of the Code imposes an annual limitation on the ability of a corporation, including a RIC, that undergoes an "ownership change" to use its capital loss carryforwards. Generally, an ownership change occurs if certain five percent shareholders and public groups increase their ownership in us by 50 percent or more during a three-year period. We do not expect that the offerings will result in an ownership change for Section 382 purposes. However, the offerings will make it more likely that future transactions involving our common stock, including transfers by existing shareholders, could result in such an ownership change. Accordingly, there can be no assurance that an ownership change limiting our ability to use our capital loss carryforwards (and built-in, unrecognized losses, if any) will not occur in the future. Such a limitation would, for any given year, have the effect of potentially increasing the amount of our U.S. federal net capital gains for such year and, hence, the amount of capital gains dividends we would need to distribute to remain a RIC and to avoid U.S. income and excise tax liability.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

In addition to factors previously identified elsewhere in this prospectus, including the "Risks" section of this prospectus, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

the introduction, withdrawal, success and timing of business initiatives and strategies;

changes in political, economic or industry conditions, the interest rate environment or financial and capital markets, which could result in changes in the value of our assets;

the valuation of our investments in portfolio companies, particularly those having no liquid trading market;

the relative and absolute investment performance and operations of the Advisor;

the impact of increased competition;

the impact of future acquisitions and divestitures;

the unfavorable resolution of legal proceedings;

our business prospects and the financial condition and prospects of our portfolio companies;

the adequacy of our cash resources and working capital;

the timing of cash flows, if any, from the operations of our portfolio companies;

the impact of legislative and regulatory actions and reforms and regulatory, supervisory or enforcement actions of government agencies relating to us, the Advisor or our portfolio companies;

the ability of the Advisor to identify suitable investments for us and to monitor and administer our investments;

our contractual arrangements and relationships with third parties;

any future financings and investments by us;

the ability of the Advisor to attract and retain highly talented professionals;



fluctuations in interest rates or foreign currency exchange rates; and

the impact of changes to tax legislation and, generally, our tax position.

This prospectus contains, and other statements that we may make may contain, forward-looking statements with respect to future financial or business performance, strategies or expectations. Forward-looking statements are typically identified by words or phrases such as "trend," "opportunity," "pipeline," "believe," "comfortable," "expect," "anticipate," "current," "intention," "estimate," "position," "assume," "potential," "outlook," "continue," "remain," "maintain," "sustain," "seek," "achieve" and similar expressions, or future or conditional verbs such as "will," "would," "should," "could," "may" or similar expressions.

Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made, and we assume no duty to and do not undertake to update forward-looking statements. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Securities Exchange Act. Actual results could differ materially from those anticipated in forward-looking statements and future results could differ materially from historical performance.

#### USE OF PROCEEDS

Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds from any offering to repay amounts outstanding under the Revolving Facilities, if any, (which will increase the funds under the Revolving Facilities available to us to make additional investments in portfolio companies) and to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. We anticipate that substantially all of such remainder of the net proceeds of an offering will be invested in accordance with our investment objective within six to twelve months following completion of such offering, depending on the availability of appropriate investment opportunities consistent with our investment objective and market conditions. We cannot assure you that we will achieve our targeted investment pace.

As of June 26, 2014, we had \$20.0 million outstanding under the Operating Company Facility, with advances generally bearing interest at LIBOR plus 0.44% per annum, subject to certain limitations. The Operating Company Facility matures July 31, 2016.

As of June 26, 2014, we had \$100.0 million outstanding under the TCPC Funding Facility, with advances generally bearing interest at LIBOR plus 2.50% per annum, subject to certain limitations. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at our request.

Pending investments in portfolio companies by the Company, the Company will invest the remaining net proceeds of an offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period. See "Regulation Temporary Investments" and "Management of the Company Investment Management Agreements."

## SENIOR SECURITIES

Information about our senior securities is shown in the following table as of the end of each fiscal year ended since the Company commenced operations. The senior securities table below has been audited by our independent registered public accounting firm.

Class and Year	Total Amount Outstanding <sup>(4)</sup>	Asset Coverage Per Unit <sup>(5)</sup>	Involuntary Liquidating Preference Per Unit <sup>(6)</sup>	Average Market Value Per Unit <sup>(7)</sup>
<b>Operating Company Facility<sup>(1)</sup></b>				
Fiscal 2013	\$ 45,000	\$ 8,176	\$	N/A
Fiscal 2012	74,000	7,077		N/A
Fiscal 2011	29,000	13,803		N/A
Fiscal 2010	50,000	8,958		N/A
Fiscal 2009	75,000	5,893		N/A
Fiscal 2008	34,000	10,525		N/A
Fiscal 2007	207,000	3,534		N/A
<b>Preferred Interests<sup>(2)</sup></b>				
Fiscal 2013	\$ 134,000	\$ 68,125	\$ 20,075	N/A
Fiscal 2012	134,000	50,475	20,079	N/A
Fiscal 2011	134,000	49,251	20,070	N/A
Fiscal 2010	134,000	48,770	20,056	N/A
Fiscal 2009	134,000	42,350	20,055	N/A
Fiscal 2008	134,000	42,343	20,175	N/A
Fiscal 2007	134,000	43,443	20,289	N/A
<b>TCPC Funding Facility<sup>(3)</sup></b>				
Fiscal 2013	\$ 50,000	\$ 8,176	\$	N/A

- (1) The Operating Company entered into the Operating Company Facility, pursuant to which amounts may currently be drawn up to \$116 million. The Operating Company Facility matures July 31, 2016.
- (2) At December 31, 2013, the Operating Company had 6,700 Preferred Interests issued and outstanding with a liquidation preference of \$20,000 per interest. The Preferred Interests will be subject to mandatory redemption on July 31, 2016.
- (3) TCPC Funding entered into the TCPC Funding Facility, pursuant to which amounts may currently be drawn up to \$200 million. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at our request.
- (4) Total amount of each class of senior securities outstanding at the end of the period presented (in 000's).
- (5) The asset coverage ratio for a class of senior securities representing indebtedness is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by senior securities representing indebtedness. For the Revolving Facilities, the asset coverage ratio with respect to indebtedness is multiplied by \$1,000 to determine the Asset Coverage Per Unit. The asset coverage ratio for the Preferred Interests is calculated as our consolidated total assets, less all liabilities and indebtedness not represented by senior securities, divided by the sum of senior securities representing indebtedness and the liquidation preference of the Preferred Interests. For the Preferred Interests, the asset coverage ratio with respect to the Preferred Interests is multiplied by their liquidation value of \$20,000 plus accrued dividends to determine the Asset Coverage Per Unit.
- (6) The amount to which such class of senior security would be entitled upon the voluntary liquidation of the issuer in preference to any security junior to it. The " " in this column indicates that the SEC expressly does not require this information to be disclosed for certain types of senior securities.

(7)

Not applicable because our senior securities are not registered for public trading.

The above table does not include the \$108 million aggregate principal amount of 5.25% convertible senior unsecured notes due 2019 (the "2019 Notes") issued and outstanding as of June 27, 2014. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Recent Developments."

### PRICE RANGE OF COMMON STOCK

Our common stock began trading on April 5, 2012 and is currently traded on The Nasdaq Global Select Market under the symbol "TCPC." The following table lists the high and low closing sale price for our common stock, the premium (discount) of the related closing sale price as a percentage of NAV and quarterly distributions per share since shares of our common stock began being regularly quoted on The Nasdaq Global Select Market.

	NAV <sup>(1)</sup>	High <sup>(2)</sup>	Low <sup>(2)</sup>	Premium (Discount) of High Sales Price to NAV <sup>(3)</sup>	Premium (Discount) of Low Sales Price to NAV <sup>(3)</sup>	Declared Distributions
<b>Fiscal year ended</b>						
<b>December 31, 2012</b>						
Second Quarter <sup>(4)</sup>	\$ 14.70	\$ 14.75	\$ 13.80	0.3%	(6.1)%	\$ 0.34
Third Quarter	14.79	15.96	14.23	7.9%	(3.8)%	0.35
Fourth Quarter	14.71	15.80	14.66	7.4%	(0.3)%	0.40 <sup>(5)</sup>
<b>Fiscal year ended</b>						
<b>December 31, 2013</b>						
First Quarter	\$ 14.91	\$ 16.16	\$ 14.64	8.4%	(1.8)%	\$ 0.40 <sup>(5)</sup>
Second Quarter	\$ 14.94	\$ 16.77	\$ 15.01	12.2%	0.5%	\$ 0.36
Third Quarter	\$ 15.06	\$ 16.80	\$ 14.99	11.6%	(0.5)%	\$ 0.36
Fourth Quarter	\$ 15.18	\$ 17.42	\$ 15.98	14.8%	5.3%	\$ 0.41 <sup>(5)</sup>
<b>Fiscal year ended</b>						
<b>December 31, 2014</b>						
First Quarter	\$ 15.32	\$ 17.97	\$ 16.36	17.3%	6.8%	\$ 0.36
Second Quarter (to June 26, 2014)	\$ <sup>(6)</sup>	\$ 18.31	\$ 15.80	% <sup>(6)</sup>	% <sup>(6)</sup>	\$ 0.41 <sup>(5)</sup>

- (1) NAV per share is determined as of the last day in the relevant quarter and therefore may not reflect the NAV per share on the date of the high and low sales prices. The NAVs shown are based on outstanding shares at the end of each period.
- (2) The High/Low Stock Price is calculated as of the closing price on a given day in the applicable quarter.
- (3) Calculated as the respective High/Low Stock Price minus the quarter end NAV, divided by the quarter end NAV.
- (4) From April 5, 2012 (initial public offering) to June 30, 2012.
- (5) Includes a special dividend of \$0.05 per share.
- (6) NAV has not yet been finally determined for any day after December 31, 2013.

On June 26, 2014, the closing price of our common stock was \$18.31 per share. As of June 26, 2014, we had 35 stockholders of record.

The table below sets forth each class of our outstanding securities as of June 26, 2014.

Title of Class	Amount Authorized	Amount Held by Registrant or for its Account	Amount Outstanding
Common Stock	200,000,000		36,200,020



## THE COMPANY

### The Company

We are an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a BDC under the 1940 Act. See "Prospectus Summary Company History and BDC Conversion" above. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between \$100 million and \$1.5 billion. While we primarily focus on privately negotiated investments in debt of middle-market companies, we make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities will benefit from what we believe are the competitive advantages of the Advisor, including its diverse in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. Substantially all of our operating history and performance results have been achieved through our predecessor, Special Value Continuation Fund, LLC, which was a registered investment company but was neither a business development company nor a publicly traded company. There are no material operating differences between us and our predecessor, however, as a BDC we are deemphasizing distressed debt investments, which may adversely affect our investment returns.

We have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. Our investment activities are externally managed by the Advisor, a leading investment manager with in excess of \$5.0 billion in committed capital under management, approximately 18% of which consists of the Holding Company's committed capital under management as of December 31, 2013, and a primary focus on providing financing to middle-market companies as well as small businesses. Additionally, the Holding Company expects that it will continue to seek to qualify as a RIC under Subchapter M of the Code.

On April 22, 2014, TCPC SBIC, a wholly-owned subsidiary of the Operating Company, received an SBIC license from the SBA. We have requested exemptive relief from the SEC to permit us to exclude the debt of TCPC SBIC guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. Pursuant to the 200% asset coverage ratio limitation, we are permitted to borrow one dollar for every dollar we have in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us. For example, as of December 31, 2013, we had approximately \$550 million in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us, which would permit us to borrow up to approximately \$550 million, notwithstanding other limitations on our borrowings pursuant to our Leverage Program.

If granted, the exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting us to borrow up to \$150 million more than we would otherwise be able to absent the receipt of this exemptive relief. As a result, we, in effect, will be permitted to have a lower asset coverage ratio than the 200% asset coverage ratio limitation under the 1940 Act and, therefore, we can have more debt outstanding than assets to cover such debt. For example, we will be able to borrow up to \$150 million more than the approximately \$550 million permitted under the 200% asset coverage ratio limit as of December 31, 2013. For additional information on SBA regulations that affect our access to SBA-guaranteed debentures, see "Risk Factors Risks Relating to Our Business TCPC SBIC is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations."

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The SBIC license allows TCPC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to TCPC SBIC's assets over our stockholders in the event we liquidate TCPC SBIC or the SBA exercises its remedies under the SBA-guaranteed debentures issued by TCPC SBIC upon an event of default.

### Investment Portfolio

At December 31, 2013, our investment portfolio of \$766.3 million (at fair value) consisted of 67 portfolio companies and was invested 95% in debt investments, of which 98% was in senior secured debt and 2% in unsecured or subordinated debt. In aggregate, our investment portfolio was invested 76% in senior secured loans, 17% in senior secured notes, 2% in unsecured or subordinated debt, and 5% in equity investments. Our average portfolio company investment at fair value was approximately \$11.4 million. Our largest portfolio company investment by value was approximately \$21.3 million and our five largest portfolio company investments by value comprised approximately 13% of our portfolio at December 31, 2013. See " Investment Strategy" for more information.

The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of December 31, 2013.

#### Investment by Industry

#### Investment by Asset Type

### Tennenbaum Capital Partners, LLC

Our investment activities are managed by the Advisor. The Advisor is a leading investment manager (including specialty lending to middle-market companies). The Advisor is a Delaware limited liability company and is registered as an investment advisor under the Advisers Act. As of December 31, 2013, the Advisor had in excess of \$5.0 billion in committed capital under management, approximately 18% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by a team of administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. The Advisor was founded in 1999 by Michael E. Tennenbaum, Mark K. Holdsworth and Howard M. Levkowitz, and its predecessor entity formed and commenced



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operations in 1996. The three founders along with David J. Adler, David A. Hollander, Michael E. Leitner, Philip M. Tseng, Rajneesh Vig and Lee R. Landrum constitute the Advisor's active partners, or the Advisor Partners. The Advisor Partners have significant industry experience, including experience investing in middle-market companies. Together, the Advisor Partners have invested approximately \$13.1 billion in over 325 companies since the Advisor's inception, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities. We believe the Advisor Partners' investment perspectives, complementary skills, and collective investment experience provides the Advisor with a strategic and competitive advantage in middle-market investing.

As our investment advisor, the Advisor is responsible for sourcing potential investments, conducting research, analyzing investment opportunities and structuring our investments and monitoring our portfolio companies on an ongoing basis. We believe that the Advisor has a proven long-term track record of positive performance, notwithstanding some periods during which losses were incurred, of sourcing deals, originating loans and successfully investing in middle-market companies, and that the relationships of its investment professionals are integral to the Advisor's success. The Advisor's investment professionals have long-term working relationships with key sources of investment opportunities and industry expertise, including investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. Additionally, the Advisor's structure includes both a board of advisors and a group of Senior Executive Advisors, a team comprised of approximately 20 current and former executives from a variety of industries, which extends the reach of the Advisor's relationships through a group of seasoned industry leaders and that can enhance our deal sourcing and due diligence activities.

We also benefit from the existing infrastructure and administrative capabilities of an established investment manager. The General Partner, an affiliate of the Advisor, serves as our Administrator and provides us with office space, equipment and office services. The tasks of our Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the SEC and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Since the beginning of 2011, the Advisor has executed over \$2 billion in direct origination leveraged loans primarily to middle-market companies, of which over \$739 million was for our account. There can be no assurance that similar deal flow or terms will be available in the future for loans in which we may invest.

### **Investment Strategy**

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by the Advisor. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on the Advisor's established track record of origination and participation in the original syndication of approximately \$5.4 billion of leveraged loans to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies. For the purposes of this prospectus, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower. Such security interests may provide either a priority claim to the specific collateral securing the investment or a junior claim to such collateral after the holders of the senior claim have been repaid but prior to any payments to holders of unsecured debt.

We anticipate our investments will generally range from \$10 million to \$40 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt

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investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

Our typical investments are in performing middle-market companies. We believe that middle-market companies are generally less able to secure financing than larger companies and thus offer better return opportunities for those able to conduct the necessary diligence to appropriately evaluate these companies. We focus primarily on U.S. companies where we believe the Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where the Advisor sees an attractive risk reward profile due to macroeconomic trends and the Advisor's existing industry expertise.

### **Our Competitive Advantages**

We believe that we possess the following competitive advantages over other capital providers to middle-market companies:

*Focus on minimizing the risk of loss and achieving attractive risk-adjusted returns.* We primarily structure investments to attempt to achieve high cash yields, cash origination fees, conservative leverage, and strong contractual protections that reduce the risk of principal loss. Contractual protections may include default premiums, information rights, board governance rights, and affirmative, negative and financial covenants, such as lien protection and prohibitions against change of control. While we do not expect to undertake a material focus on distressed investments, we believe that the Advisor's experience in distressed investing from managing other funds helps us negotiate more favorable terms and provides greater opportunity to achieve principal protection. See " Investment Strategy."

*Diverse in-house skills and experience of the Advisor.* The Advisor's principals and professionals have diverse and complementary backgrounds, including prior experience at private investment funds, investment banks, other financial services firms, and managing companies. We believe that the diverse professional experience of the Advisor's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. The Advisor's advantages include:

Significant investment expertise in over 30 different industry sectors;

Track record of leveraged loan originations or participations in original syndications of approximately \$5.4 billion to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies;

Extensive workout and restructuring capabilities honed in multiple in- and out-of-court transactions which allows us to maximize our investment returns and minimize the risk of loss;

In-house legal expertise with significant experience protecting creditor rights;

Complementary "bottom-up" and "top-down" (macro economic) expertise; and

Expertise in analyzing highly complex companies and investments.

*Consistent, proactive and rigorous investment and monitoring processes.* We believe that the Advisor employs a proven investment process that integrates intensive "bottom-up" company-level research and analysis with a proactive "top-down" view of macroeconomic and industry risks and opportunities. The

heart of the process is a thorough analysis of the underlying issuer's business, end markets, competitors, suppliers, revenues, costs, financial statements, and the terms of the issuer's existing obligations, including contingent liabilities (if any). The Advisor's professionals supplement in-house expertise with industry experts, including the Advisor's Board of Advisors and Senior Executive Advisors, as well as other CEO/CFO-level executives, with direct management experience in the industries under consideration. These company level analyses are undertaken in the context of and supplemented by the Advisor's views on and understanding of industry trends and broader economic conditions. These views are formulated and refined through the Advisor's systematic quarterly macroeconomic reviews and quarterly industry reviews, where long-term and immediate macroeconomic trends and their impact on industry risk/reward characteristics are determined. These views flow through to the Advisor's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews also help to inform the Advisor's macroeconomic and industry views as well as to inform reporting of deal teams' frequent monitoring of portfolio company progress, risk assessment, and refinement of exit plans.

*Focus on established middle-market companies.* We generally invest in companies with established market positions, seasoned management teams, proven and differentiated products and services and strong regional or national operations. We believe that these companies possess better risk-adjusted return profiles than newer companies that are building management or in early stages of building a revenue base. As a specialty middle-market lender, through the Advisor we have proven experience structuring financing for middle-market companies and meeting their specialized needs. We believe that there are fewer experienced finance companies focused on transactions involving small and middle-market companies than larger companies, allowing us to negotiate favorable investment terms, including higher yields, more significant covenant protection, and greater equity grants than typical of transactions involving larger companies. Additionally, we believe that middle-market companies offer significant risk-adjusted return advantages over larger companies as they are generally less able to secure financing compared to larger companies and, we believe, are more likely as borrowers to be subject to upfront fees, prepayment premiums and higher interest rates.

*Debt platform with multiple deal sourcing channels.* The employees of the Advisor have developed extensive networks among investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. These networks are a valuable source of directly originated deals and are further supplemented by the networks and experiences of the Advisor's Board of Advisors and Senior Executive Advisors. Additionally, the Advisor's track record as a provider of middle-market financing means that it is often the first or an early call on new deal opportunities. Since inception, the Advisor has originated or participated in the original syndication of approximately \$5.4 billion of newly issued loans to 137 companies since 1999, of which we invested over \$1.2 billion in 84 companies. The Advisor has closed transactions with more than 35 different private equity sponsors. The Advisor is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. The Advisor's in-depth industry knowledge and ability to diligence complex situations thoroughly and in a timely fashion helps to attract deal opportunities from multiple channels.

*Attractively priced leverage program.* We believe that the Leverage Program (defined below), combined with capital from recent monetizations, will provide us with a substantial amount of capital for deployment into new investment opportunities on relatively favorable terms. The Leverage Program is comprised of: (i) a \$116 million senior secured credit facility that matures on July 31, 2016, subject to extension by the lenders at the request of the Operating Company, which we refer to as the Operating Company Facility; and (ii) \$134 million in liquidation preference of preferred interests, which mature on July 31, 2016, which we refer to as the Preferred Interests. The interest rate charged on the Operating Company Facility through July 31, 2014 is LIBOR plus 0.44% per annum. The interest rate charged during the period August 1, 2014 through July 31, 2016, will be LIBOR plus 2.50% per annum.

The Operating Company Facility was originally entered into on July 31, 2006 with certain lenders and in conjunction with entering into such agreement, the Operating Company also issued the Preferred Interests to such lenders on the same date. TCPC Funding has an existing \$200 million revolving credit facility with Deutsche Bank AG, New York Branch, as administrative agent (the "TCPC Funding Facility," and together with the Operating Company Facility, the "Revolving Facilities"). The TCPC Funding Facility contains an accordion feature pursuant to which the credit line may increase up to an aggregate of \$250 million, subject to consent of the administrative agent and other customary conditions, and is secured by the assets of TCPC Funding. The TCPC Funding Facility matures on May 15, 2017 and generally bears interest based on LIBOR plus 2.50% per annum, subject to an extension by the lender at TCPC Funding's request. The TCPC Funding Facility is secured by all of the assets held by TCPC Funding. We refer to the Revolving Facilities and the Preferred Interests collectively as the Leverage Program. For the purpose of the Revolving Facilities, LIBOR means the one-month U.S. dollar deposits which appears on the Telerate Page 3750 as of 11:00 a.m. (London time) on the date the rate is to be determined or as otherwise may be determined pursuant to the Revolving Facilities if such rate does not appear on the Telerate Page 3750. The lenders under the Operating Company Facility also own all of the Operating Company's preferred interests, which is an aggregate of 6,700 Preferred Interests, each of which has a liquidation preference of \$20,000 per interest, with dividends generally accruing at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations. The weighted-average financing rate on the Leverage Program at December 31, 2013 was 1.38%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company.

### **Market opportunity**

We believe that the Advisor has a consistent, non-cyclical track record of finding profitable opportunities to lend its managed assets to middle-market companies under most market conditions. However, we believe that the current environment for direct lending to middle-market companies is especially attractive for several reasons that include:

*Reduced lending to middle-market companies by commercial banks.* Recent regulatory changes, including the Dodd-Frank Financial Reform Act, or the Dodd-Frank Act, and the introduction of new international capital and liquidity requirements under the Basel III Accords, or Basel III, in addition to the continued ownership of legacy non-performing assets have significantly curtailed banks' lending capacity. In response, we believe that many commercial lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending, managing capital markets transactions and providing other non-credit services to their larger customers. We expect bank lending to middle-market companies to continue to be constrained for several years as Basel III rules phase in and rules and regulations are promulgated and interpreted under the Dodd-Frank Act.

*Reduced credit supply to middle-market companies from non-bank lenders.* We believe credit to middle-market companies from non-bank lenders will also be constrained as many of those lenders have either gone out of business, exited the market, or are winding down. Numerous hedge funds previously active in leveraged loans disappeared or contracted during the recent financial market crises, while others exited the lending market due to asset-liability mismatches. Other non-bank lenders exited lending due to balance sheet pressures. This situation provides a promising environment in which to originate loans to middle-market companies. We cannot, however, provide any assurance as to the length of time this tight credit supply will persist.

*Middle-market companies are increasingly seeking lenders with access to permanent capital for debt and equity capital.* We believe that many middle-market companies prefer to borrow from capital providers like us, rather than execute high-yield bond or equity transactions in the public markets that may necessitate increased financial and regulatory compliance and reporting obligations. Further, we

believe many middle-market companies are inclined to seek capital from a small number of providers with access to permanent capital that can satisfy their specific needs and can serve as value-added, long-term financial partners with an understanding of the companies' growth needs.

*Large Amount of Uninvested Private Equity Capital.* Private equity firms raised significant amounts of equity commitments over the period of 2006 to 2008, far in excess of the amount of equity they invested. According to Pitchbook, from 2007 to December 2012 there was approximately \$328 billion of uninvested capital raised by private equity funds from U.S. investors. We believe the large amount of undeployed private equity capital will drive demand for leveraged buyouts over the next several years, which we believe will, in turn, create significant leveraged lending opportunities for us.

*Significant Refinancing Requirements.* A significant portion of the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 matures in the 2013 to 2015 time period. Much of this debt will need to be refinanced as it matures. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors should increase lending opportunities for us.

### **Cumulative Maturities of Middle-Market Loans**

*Source: Thomson Reuters, Middle Market defined as \$500 million transaction size or less*

*Attractive Pricing and Conservative Deal Structures.* We believe that reduced access to, and availability of, debt capital has improved available loan pricing for middle-market lenders. Deals since the recent credit crisis occurred, which began in 2008 and included a period of disruption in the capital markets as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions, have included meaningful upfront fees, prepayment protections and, in some cases, warrants, all of which should enhance profitability to lenders.

**Average Discounted Spread of Leveraged Loans**

*Source: Standard & Poor's Leveraged Commentary & Data and S&P/LSTA Leveraged Loan Index*

Furthermore, during most of the time since the credit crisis, lenders generally have required lower leverage levels, increased equity contributions and more comprehensive loan covenants than was customary in the years leading up to the credit crisis.

**Equity Contributions**

**Purchase Price Breakdown**

*Middle Market Defined as Issuers with EBITDA of \$50 Million or Less*  
*Source: Standard & Poor's Leveraged Commentary & Data*

## **Investment Process**

The Advisor's investment process is designed to maximize its strategic advantages: a strong brand name as a specialty lender to the middle-market, and diverse in-house expertise and skills. The Advisor seeks out opportunities by conducting a rigorous and disciplined investment process that combines the following characteristics:

### Deal Sourcing

As a leading middle-market corporate debt investment manager with an over 15-year history and in excess of \$5.0 billion in capital commitments as of December 31, 2013, approximately 18% of which consists of the Holding Company's committed capital, the Advisor is active in new deal financing opportunities in the middle-market segment. However, we believe that the Advisor's real deal flow advantage comes from the proprietary network of established relationships of its investment professionals and synergies among its professionals and portfolio companies. Members of the Advisor's Investment Committee for the Company, or the Investment Committee, have long-term relationships with deal sources including investment bankers, restructuring professionals, bankruptcy attorneys, senior lenders, high yield bond specialists, research analysts, accountants, fund management teams, the Advisor's Advisory Board, Senior Executive Advisors, board members of former clients, former colleagues and other operating professionals to facilitate deal flow. The Investment Committee is currently comprised of five voting members (Mark K. Holdsworth, Michael Leitner, Howard M. Levkowitz, Philip M. Tseng and Rajneesh Vig). In total, the Investment Committee consists of approximately 30 members from the Advisor. The number of voting and non-voting members of the Investment Committee is subject to increase or decrease in the sole discretion of the Advisor. All members of the Investment Committee attend investment meetings and are encouraged to participate in discussions. In addition, members of the Investment Committee have relationships with other investors, including insurance companies, bond funds, mezzanine funds, private equity funds, hedge funds and other funds which invest in similar assets. Further, the Advisor regularly calls on both active and recently retired senior executives from the relevant industries to assist with the due diligence of potential investments. Historically, these relationships with retired senior executives have also been a valuable source of transactions and information. The Advisor anticipates that they will continue to provide future opportunities. We believe the Advisor's strong relationships with its portfolio companies facilitate positive word-of-mouth recommendations to other companies seeking the Advisor's expertise. The Advisor's relationships often result in the ability to access investment opportunities earlier than many of its competitors and in some cases an exclusive basis.

### Due Diligence Process

The foundation of the Advisor's investment process is intensive investment research and analysis by its experienced staff of investment professionals. The Advisor's senior professionals have worked together for numerous years and we believe that they have a superior level of credit investing knowledge relative to other credit investors. The Advisor supplements its in-house knowledge with industry experts, including CEO/CFO-level executives, with direct management experience in the industries under consideration. The Advisor prefers these industry experts to consultants because of the practical business advice that comes from having managed businesses. The Advisor rigorously and comprehensively analyzes issuers of securities of interest. The process includes a quantitative and qualitative assessment of the issuer's business, an evaluation of its management, an analysis of the business strategy and industry trends, and an in-depth examination of the company's capital structure, financial results and projections. The Advisor's due diligence process includes:

an assessment of the outlook for the industry and general macroeconomic trends;



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discussions with issuer management and other industry executives, including the assessment of management/board strengths and weaknesses;

an analysis of the fundamental asset values and the enterprise value of the issuer;

review of the issuer's key assets, core competencies, competitive advantages, historical and projected financial statements, capitalization, financial flexibility, debt amortization requirements, and tax, environmental, legal and regulatory contingencies;

review of the issuer's existing credit documents, including credit agreements, indentures, intercreditor agreements, and security agreements; and

review of documents governing the issuer, including charter, by-laws, and key contracts.

### Structuring Originations

As an early non-bank participant in the leveraged loan market, we believe that loan origination is a core competency of the Advisor. Supplementing industry deal teams' experience and competency, the Advisor has six professionals (including investment professionals) with legal experience, two of whom have a quarter-century each of relevant experience in secured credit. Deal teams work with the Advisor's in-house legal specialists and outside counsel to structure over-collateralized loans with what we believe to be strong creditor protections and contractual controls over borrower operations. In many cases, the Advisor works to obtain contractual governance rights and board seats to protect principal and maximize post-investment returns. Deals usually include original issue discount upfront fees and/or equity participations through warrants or direct equity stakes.

### Trading and Secondary Market Purchases

A key element in maximizing investment returns in secondary purchases is buying and selling investments at the best available prices. The Advisor has a dedicated trading staff for both the highly specialized traded loan market and for high-yield bonds. Through its trading operations, the Advisor maintains its established relationships with a network of broker-dealers in the debt securities markets. These relationships provide the Advisor with access to the trading dynamics of existing or potential investments and assist it in effectively executing transactions. These relationships may also lead to the early identification of potential investment opportunities for the Company.

### Portfolio Management & Monitoring

The Advisor actively monitors the financial performance of its portfolio companies and market developments. This constant monitoring permits the Advisor to update position risk assessments, seek to address potential problems early, refine exit plans, and make follow-on investment decisions quickly. We view active portfolio monitoring as a vital part of our investment process.

We consider board observation and information rights, regular dialogue with company management and sponsors, and detailed internally generated monitoring reports to be critical to our performance. We have developed a monitoring template that seeks to ensure compliance with these standards and that is used as a tool by the Investment Committee to assess investment performance relative to plan.

Deal teams maintain contact with portfolio company management through regularly scheduled and *ad hoc* conference calls and onsite visits.

Deal teams review portfolio company progress relative to plan and pre-determined performance benchmarks.

Adverse or unexpected developments, as well as consequential routine updates, are reported to the Investment Committee and thoroughly discussed at regularly scheduled weekly



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meetings. If merited, the Investment Committee will hold ad hoc meetings as necessary to address urgent issues.

Deal teams, with Investment Committee approval, encourage portfolio company managers to catalyze events to monetize holdings for greater return, or where needed, take corrective actions to address shortfalls to plan or benchmarks.

All existing portfolio holdings are formally reviewed in detail by the entire Investment Committee once per quarter at the Advisor's quarterly portfolio review.

### Investment Committee and Decision Process

The Advisor's investment process is organized around the Investment Committee that provides for a centralized, repeatable decision process. The Investment Committee meets weekly and, with respect to each fund advised by the Advisor, certain members of the Investment Committee are voting members. The voting members of the Investment Committee for the Company are currently Mark K. Holdsworth, Michael E. Leitner, Howard M. Levkowitz, Philip M. Tseng and Rajneesh Vig. Approval by a simple majority vote of the voting members of the Investment Committee for each respective fund is required for the purchase or sale of any investment, with certain de-minimis exceptions. No voting member has veto power. The Advisor's investment process is designed to maximize risk-adjusted returns and preserve downside protection.

### **Investment Structure**

Once we determine that a prospective portfolio company is suitable for a direct investment, we work with the management of that company and its other capital providers, including senior and junior lenders, and equity holders, to structure an investment. We negotiate among these parties to agree on how our investment is expected to be structured relative to the other capital in the portfolio company's capital structure.

### Leveraged Loans

We structure our investments primarily as secured leveraged loans. Leveraged loans are generally senior debt instruments that rank ahead of subordinated debt of the portfolio company. Leveraged loans generally have the benefit of security interests on the assets of the portfolio company, which may rank ahead of, or be junior to, other security interests.

### High-Yield Securities

The Company's portfolio currently includes high-yield securities and the Company may invest in high-yield securities in the future. High-yield securities have historically experienced greater default rates than has been the case for investment grade securities and are generally rated below investment grade by one or more nationally recognized statistical rating organizations or will be unrated but of comparable credit quality to obligations rated below investment grade, and have greater credit and liquidity risk than more highly rated obligations. High-yield securities are generally unsecured and may be subordinate to other obligations of the obligor and are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. The Company's portfolio also includes mezzanine investments which are generally unsecured and rated below investment grade. Mezzanine investments of the type in which the Company invests in are primarily privately negotiated subordinated debt securities often issued in connection with leveraged transactions, such as management buyouts, acquisitions, re-financings, recapitalizations and later stage growth capital financings, and are generally accompanied by related equity participation features such as options, warrants, preferred and common stock. In some cases, our debt investments may provide for a portion of the interest payable to be

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paid-in-kind interest. To the extent interest is paid-in-kind, it will be payable through the increase of the principal amount of the obligation by the amount of interest due on the then-outstanding aggregate principal amount of such obligation.

### Warrants, Options and Minority Equity

In some cases, we will also receive nominally priced warrants or options to buy a minority equity interest in the portfolio company in connection with a loan. As a result, if a portfolio company appreciates in value, we may achieve additional investment return from this equity interest. We may structure such warrants to include provisions protecting our rights as a minority-interest holder, as well as a "put," or right to sell such securities back to the issuer, upon the occurrence of specified events. In many cases, we may also seek to obtain registration rights in connection with these equity interests, which may include demand and "piggyback" registration rights.

### Distressed Debt

The Company's portfolio currently includes distressed debt investments and the Company is authorized to continue to invest in the securities and other obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. As of December 31, 2013, none of the Operating Company's debt investments were in non-accrual status. Such debt investments were largely acquired through secondary market purchases and often led to the receipt of additional equity positions as part of in- or out-of-court debt-for-equity exchanges. The Company does not anticipate distressed debt to be a significant part of its ongoing investment strategy. Such investments generally trade significantly below par and are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted obligation for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

### Opportunistic Investments

Opportunistic investments may include, but are not limited to, investments in debt securities of all kinds and at all levels of the capital structure and may include equity securities of public companies that are not thinly traded, emerging market debt, structured finance vehicles such as CLO funds and debt of middle-market companies located outside the United States. We do not intend such investments to be our primary focus.

We tailor the terms of each investment to the facts and circumstances of the transaction and the prospective portfolio company, negotiating a structure that protects our rights and manages our risk while creating incentives for the portfolio company to achieve its business plan and improve its operating results. We seek to limit the downside potential of our investments by:

requiring a total return on our investments (including both interest and potential equity appreciation) that we believe will compensate us appropriately for credit risk;

negotiating covenants in connection with our investments that afford our portfolio companies as much flexibility in managing their businesses as possible, consistent with the preservation of our capital. Such restrictions may include affirmative and negative covenants, default penalties, lien protection, change of control provisions and board rights, including either observation or rights to a seat on the board of directors under some circumstances; and

selecting investments that we believe have a very low probability of loss.

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We expect to hold most of our investments to maturity or repayment, but we may sell some of our investments earlier if a liquidity event occurs, such as a sale, recapitalization or worsening of the credit quality of the portfolio company.

### **Managerial assistance**

As a BDC, we offer, and must provide upon request, managerial assistance to certain of our portfolio companies. This assistance could involve, 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. We may receive fees for these services and will reimburse the General Partner as our Administrator for its allocated costs in providing such assistance subject to review and approval by our board of directors. The Advisor will provide such managerial assistance on our behalf to portfolio companies that request this assistance.

### **Competition**

Our primary competitors to provide financing to middle-market companies include public and private funds, commercial and investment banks, commercial finance companies and private equity and hedge funds. Many of our competitors are substantially larger and have considerably greater financial and marketing resources than we do. For example, some competitors may have access to funding sources that are not available to us. In addition, some of our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than us. Furthermore, many of our competitors are not subject to the regulatory restrictions that the 1940 Act imposes on us as a BDC or to the distribution and other requirements we must satisfy to maintain our favorable RIC tax status.

### **Properties**

We do not own any real estate or other physical properties materially important to our operation. Our headquarters are currently located at 2951 28th Street, Suite 1000, Santa Monica, CA 90405. The Advisor furnishes us office space and we reimburse it for such costs on an allocated basis.

### **Legal Proceedings**

From time to time, in the normal course of business, we, the Operating Company, the General Partner and the Advisor are party to certain lawsuits. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any such open legal proceedings cannot at this time be predicted with certainty, we do not expect these matters will have a material adverse impact on the financial condition or results of operations of the Holding Company, the Operating Company, the General Partner or the Advisor.

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

*The information contained in this section should be read in conjunction with the selected financial data and our financial statements and notes thereto, appearing elsewhere in this prospectus.*

**Overview**

The Holding Company is a Delaware corporation formed on April 2, 2012 and is an externally managed, closed-end, non-diversified management investment company. The Holding Company elected to be treated as a business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). Our investment objective is to seek to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. We invest primarily in the debt of middle-market companies, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, we may make equity investments directly. Investment operations are conducted either in Special Value Continuation Partners, LP, a Delaware Limited Partnership (the "Operating Company"), of which the Holding Company owns 100% of the common limited partner interests, or in the Operating Company's wholly-owned subsidiary, TCPC Funding I, LLC ("TCPC Funding"). The Operating Company has also elected to be treated as a BDC under the 1940 Act. The General Partner of the Operating Company is SVOF/MM, LLC ("SVOF/MM"), which also serves as the administrator ("Administrator") of the Holding Company and the Operating Company. The managing member of SVOF/MM is Tennenbaum Capital Partners, LLC (the "Advisor"), which serves as the investment manager to the Holding Company, the Operating Company and TCPC Funding. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

The Holding Company has elected to be treated as a regulated investment company ("RIC") for U.S. federal income tax purposes. As a RIC, the Holding Company will not be taxed on its income to the extent that it distributes such income each year and satisfies other applicable income tax requirements. The Operating Company and TCPC Funding have elected to be treated as partnerships for U.S. federal income tax purposes.

On April 2, 2012, Special Value Continuation Fund, LLC ("SVCF") converted from a limited liability company to a corporation, leaving the Holding Company as the surviving entity (the "Conversion"). At the time of the Conversion, all limited liability company interests were exchanged for 15,725,635 shares of common stock in the Holding Company. As a result of the Conversion, the books and records of SVCF have become the books and records of the surviving entity and the Holding Company became the owner of 100% of the common limited partner interests in the Operating Company. On April 3, 2012, the Holding Company completed its initial public offering.

Our leverage program is comprised of \$116 million in available debt under a senior secured revolving credit facility issued by the Operating Company (the "Operating Company Facility"), \$100 million in available debt under a senior secured revolving credit facility issued by TCPC Funding, (the "TCPC Funding Facility," and, together with the Operating Company Facility, the "Revolving Facilities"), and \$134 million of outstanding preferred limited partner interests in the Operating Company (the "Preferred Interests," and, together with the Revolving Facilities, the "Leverage Program").

To qualify as a RIC, we must, among other things, meet certain source-of-income and asset diversification requirements and timely distribute to our stockholders generally at least 90% of our investment company taxable income, as defined by the Internal Revenue Code of 1986, as amended, for each year. Pursuant to this election, we generally will not have to pay corporate level taxes on any income that we distribute to our stockholders provided that we satisfy those requirements.

***Investments***

Our level of investment activity can and does vary substantially from period to period depending on many factors, including the amount of debt and equity capital available to middle-market companies, the level of merger and acquisition activity, the general economic environment and the competitive environment for the types of investments we make.

As a BDC, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70% of our total assets in "qualifying assets," including securities and indebtedness of private U.S. companies, public U.S. operating companies whose securities are not listed on a national securities exchange or registered under the Securities Exchange Act of 1934, as amended, public domestic operating companies having a market capitalization of less than \$250 million, cash, cash equivalents, U.S. government securities and high-quality debt investments that mature in one year or less. We are also permitted to make certain follow-on investments in companies that were eligible portfolio companies at the time of initial investment but that no longer meet the definition. As of December 31, 2013, 87.4% of our total assets were invested in qualifying assets.

***Revenues***

We generate revenues primarily in the form of interest on the debt we hold. We also generate revenue from dividends on our equity interests and capital gains on the sale of warrants and other debt or equity interests that we acquire. Our investments in fixed income instruments generally have an expected maturity of three to five years, although we have no lower or upper constraint on maturity. Interest on our debt investments is generally payable quarterly or semi-annually. Payments of principal of our debt investments may be amortized over the stated term of the investment, deferred for several years or due entirely at maturity. In some cases, our debt investments and preferred stock investments may defer payments of cash interest or dividends or PIK. Any outstanding principal amount of our debt investments and any accrued but unpaid interest will generally become due at the maturity date. In addition, we may generate revenue in the form of prepayment fees, commitment, origination, structuring or due diligence fees, fees for providing significant managerial assistance, consulting fees and other investment related income.

***Expenses***

Our primary operating expenses include the payment of a base management fee and, depending on our operating results, incentive compensation, expenses reimbursable under the management agreement, administration fees and the allocable portion of overhead under the administration agreement. The base management fee and incentive compensation remunerates the Advisor for work in identifying, evaluating, negotiating, closing and monitoring our investments. Our administration agreement with SVOF/MM, LLC (the "Administrator") provides that the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to us under the administration agreement, as well as any costs and expenses incurred by the Administrator or its affiliates relating to any non-investment advisory, administrative or operating services provided by the Administrator or its affiliates to us. We also bear all other costs and expenses of our operations and transactions (and the Holding Company's common stockholders indirectly bear all of the costs and expenses of the Holding Company, the Operating Company and TCPC Funding), which may include those relating to:

our organization;

calculating our net asset value (including the cost and expenses of any independent valuation firms);

interest payable on debt, if any, incurred to finance our investments;

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costs of future offerings of our common stock and other securities, if any;

the base management fee and any incentive compensation;

dividends and distributions on our preferred shares, if any, and common shares;

administration fees payable under the administration agreement;

fees payable to third parties relating to, or associated with, making investments;

transfer agent and custodial fees;

registration fees;

listing fees;

taxes;

director fees and expenses;

costs of preparing and filing reports or other documents with the SEC;

costs of any reports, proxy statements or other notices to our stockholders, including printing costs;

our fidelity bond;

directors and officers/errors and omissions liability insurance, and any other insurance premiums;

indemnification payments;

direct costs and expenses of administration, including audit and legal costs; and

all other expenses reasonably incurred by us and the Administrator in connection with administering our business, such as the allocable portion of overhead under the administration agreement, including rent and other allocable portions of the cost of certain of our officers and their respective staffs.

The investment management ag