

TCP Capital Corp.
Form 10-Q
August 06, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarter Ended June 30, 2015

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission File Number: 814-00899

TCP CAPITAL CORP.

(Exact Name of Registrant as Specified in Charter)

Delaware	56-2594706
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification No.)

2951 28th Street, Suite 1000	
Santa Monica, California	90405
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code **(310) 566-1000**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value \$0.001 per share NASDAQ Global Select Market

(Title of each class)

(Name of each exchange where registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days: Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes " No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer x

Non-accelerated filer " Smaller Reporting company "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No x

The number of shares of the Registrant's common stock, \$0.001 par value, outstanding as of August 6, 2015 was 48,959,494.

Table of Contents

TCP CAPITAL CORP.

FORM 10-Q FOR THE SIX MONTHS ENDED JUNE 30, 2015

TABLE OF CONTENTS

Part I. Financial Information

Item 1. Financial Statements

<u>Consolidated Statements of Assets and Liabilities as of June 30, 2015 (unaudited) and December 31, 2014</u>	2
<u>Consolidated Schedule of Investments as of June 30, 2015 (unaudited) and December 31, 2014</u>	3
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2015 (unaudited) and June 30, 2014 (unaudited)</u>	13
<u>Consolidated Statements of Changes in Net Assets for the six months ended June 30, 2015 (unaudited) and year ended December 31, 2014</u>	14
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2015 (unaudited) and June 30, 2014 (unaudited)</u>	15
<u>Notes to Consolidated Financial Statements (unaudited)</u>	16
<u>Consolidated Schedule of Changes in Investments in Affiliates for the six months ended June 30, 2015 (unaudited) and year ended December 31, 2014</u>	38
<u>Consolidated Schedule of Restricted Securities of Unaffiliated Issuers as of June 30, 2015 (unaudited) and December 31, 2014</u>	40
<u>Consolidating Statements of Assets and Liabilities as of June 30, 2015 (unaudited) and December 31, 2014</u>	42
<u>Consolidating Statements of Operations for the six months ended June 30, 2015 (unaudited) and June 30, 2014 (unaudited)</u>	44

Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	46
---	----

Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	59
--	----

Item 4. <u>Controls and Procedures</u>	59
---	----

Part II. Other Information

Item 1. <u>Legal Proceedings</u>	60
---	----

Item 1A. <u>Risk Factors</u>	60
-------------------------------------	----

Edgar Filing: TCP Capital Corp. - Form 10-Q

Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	60
Item 3. <u>Defaults upon Senior Securities</u>	60
Item 4. <u>Mine Safety Disclosures</u>	60
Item 5. <u>Other Information</u>	60
Item 6. <u>Exhibits</u>	60

TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	June 30, 2015 (unaudited)	December 31, 2014
Assets		
Investments, at fair value:		
Companies less than 5% owned (cost of \$1,139,275,409 and \$1,097,181,753, respectively)	\$1,131,417,557	\$ 1,081,901,384
Companies 5% to 25% owned (cost of \$69,820,923 and \$52,103,511, respectively)	65,722,069	48,716,425
Companies more than 25% owned (cost of \$39,025,525 and \$40,213,258 respectively)	14,835,423	15,918,077
Total investments (cost of \$1,248,121,857 and \$1,189,498,522, respectively)	1,211,975,049	1,146,535,886
Cash and cash equivalents	36,706,214	27,268,792
Deferred debt issuance costs	7,271,953	7,700,988
Receivable for investments sold	9,631,353	10,961,369
Accrued interest income:		
Companies less than 5% owned	8,917,630	9,222,001
Companies 5% to 25% owned	544,098	253,987
Companies more than 25% owned	337,258	28,450
Unrealized appreciation on swaps	2,866,985	1,717,610
Options (cost \$51,750)	30	497
Prepaid expenses and other assets	2,629,301	2,177,217
Total assets	1,280,879,871	1,205,866,797
Liabilities		
Debt	416,900,159	328,696,830
Payable for investments purchased	12,513,559	2,049,518
Incentive allocation payable	5,383,885	4,303,040
Interest payable	2,074,858	1,510,981
Payable to the Investment Manager	908,347	459,827
Accrued expenses and other liabilities	2,772,724	3,219,783
Total liabilities	440,553,532	340,239,979

Commitments and contingencies (Note 5)**Preferred equity facility**

Series A preferred limited partner interests in Special Value Continuation Partners, LP; \$20,000/interest liquidation preference; 5,025 and 6,700 interests authorized, issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	100,500,000	134,000,000
---	-------------	-------------

Edgar Filing: TCP Capital Corp. - Form 10-Q

Accumulated dividends on Series A preferred equity facility	398,541	497,790
Total preferred limited partner interests	100,898,541	134,497,790
Non-controlling interest		
General Partner interest in Special Value Continuation Partners, LP	-	-
Net assets applicable to common shareholders	\$739,427,798	\$ 731,129,028
Composition of net assets applicable to common shareholders		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 48,959,494 and 48,710,627 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	48,959	48,710
Paid-in capital in excess of par	881,053,660	877,103,880
Accumulated net investment income	26,337,559	21,884,381
Accumulated net realized losses	(134,162,549)	(126,408,033)
Accumulated net unrealized depreciation	(33,849,831)	(41,499,910)
Net assets applicable to common shareholders	\$739,427,798	\$ 731,129,028
Net assets per share	\$15.10	\$ 15.01

See accompanying notes.

TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited)

June 30, 2015

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal
<u>Debt Investments</u>^(A)							
Accounting, Tax Preparation, Bookkeeping, and Payroll Services							
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	11.00%	12.50%	10/3/2018	\$15,249,675
EGS Holdings, Inc.	Holdco PIK Notes	LIBOR (A)	3.00%	10.00%	13.00%	10/3/2018	\$57,238
Activities Related to Real Estate							
Daymark Financial Acceptance, LLC	First Lien Delayed Draw Term Loan	LIBOR (Q)	-	9.50%	9.50%	1/12/2020	\$5,000,000
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00%	9.00%	3/26/2021	\$16,387,836
Advertising, Public Relations, and Related Services							
Doubleplay III Limited (Exterion Media) (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	1.25%	6.25%	7.50%	3/18/2018	€12,249,157
Artificial Synthetic Fibers and Filaments Manufacturing							
AGY Holding Corp.	Sr Secured Term Loan	Fixed	-	12.00%	12.00%	9/15/2016	\$4,869,577
AGY Holding Corp.	Second Lien Notes	Fixed	-	11.00%	11.00%	11/15/2016	\$9,268,000
Basic Chemical Manufacturing							
BioAmber, Inc.	Sr Secured Term Loan	LIBOR (M)	0.23%	9.27%	9.50%	12/1/2017	\$25,000,000
Green Biologics, Inc.	Sr Secured Term Loan	Prime Rate	3.25%	7.75%	11.00%	5/1/2018	\$15,000,000
PeroxyChem, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	6.50%	7.50%	2/28/2020	\$8,855,181
VitAG Holdings, LLC	Sr Secured Term Loan	LIBOR (M)	0.23%	10.27%	10.50%	2/1/2018	\$7,700,000

Business Support Services

Edgar Filing: TCP Capital Corp. - Form 10-Q

Enerwise Global Technologies, Inc.	Sr Secured Revolving Loan	LIBOR (Q)	0.23%	8.52%	8.75%	11/30/2017	\$–
Enerwise Global Technologies, Inc.	Sr Secured Term Loan	LIBOR (Q)	0.23%	9.27%	9.50%	11/30/2019	\$17,500,000
STG-Fairway Acquisitions, Inc. (First Advantage)	Second Lien Term Loan	LIBOR (Q)	1.25%	9.25%	10.50%	6/30/2023	\$31,000,000
Chemical Manufacturing							
Archroma (Luxembourg)	Term Loan B	LIBOR (Q)	1.25%	8.25%	9.50%	9/30/2018	\$19,795,524
Commercial and Industrial Machinery and Equipment Rental and Leasing							
Essex Ocean, LLC	Sr Secured Term Loan	Fixed	-	8.00%	8.00%	3/25/2019	\$–
Communications Equipment Manufacturing							
Globecom Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	7.63%	8.88%	12/11/2018	\$14,775,000
Computer Equipment Manufacturing							
ELO Touch Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	1.50%	10.50%	12.00%	12/1/2018	\$12,000,000
Silicon Graphics International Corp.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00%	10.00%	7/27/2018	\$18,669,040
Computer Systems Design and Related Services							
Autoalert, LLC	First Lien Term Loan	LIBOR (Q)	0.25%	Cash + 4.75% PIK	9.00%	3/31/2019	\$31,235,295
MSC Software Corporation	Second Lien Term Loan	LIBOR (M)	1.00%	7.50%	8.50%	5/29/2021	\$6,993,035
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan B	LIBOR (Q)	-	8.00%	8.23%	9/3/2018	\$2,349,600
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan	LIBOR (Q)	-	7.00%	7.23%	9/3/2018	\$10,480,000
OnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	-	8.00%	8.23%	9/3/2018	\$4,699,200
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	-	7.00%	7.23%	9/3/2018	\$5,240,000
Vistronix, LLC	First Lien Revolver	LIBOR (Q)	0.50%	8.00%	8.50%	12/4/2018	\$228,398
Vistronix, LLC	First Lien Term Loan	LIBOR (M)	0.50%	8.00%	8.50%	12/4/2018	\$6,370,458
Cut and Sew Apparel Manufacturing							
Jones Apparel, LLC	First Lien FILO Term Loan	LIBOR (M)	1.00%	9.60%	10.60%	4/8/2019	\$4,935,846
Data Processing, Hosting, and Related Services							
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$3,033,145
Asset International, Inc.	Revolver Loan	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$24,238
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$8,150,590
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75%	9.25%	8/6/2019	\$4,875,000
The Telx Group, Inc.	Senior Notes	Fixed	-	13.5% PIK	13.50%	7/9/2021	\$4,746,800
United TLD Holdco, Ltd. (Rightside) (Cayman Islands)	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75%	9.25%	8/6/2019	\$9,750,000

Electrical Equipment and Component Manufacturing

NEXTracker, Inc.	Sr Secured Revolver	LIBOR (M) -	8.00%	8.00%	7/1/2016	\$3,571,200
NEXTracker, Inc.	Sr Secured Term Loan	LIBOR (M) -	9.50%	9.50%	12/16/2016	\$2,168,510

Electrical Equipment Manufacturing

API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	1.50%	7.50%	9.00%	2/6/2018	\$6,426,520
API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	1.50%	7.50%	9.00%	2/6/2018	\$4,172,583

Financial Investment Activities

Institutional Shareholder Services, Inc.	Second Lien Term Loan	LIBOR (Q)	1.00%	7.50%	8.50%	4/30/2022	\$6,471,492
Marsico Capital Management	First Lien Term Loan	LIBOR (M) -		5.00%	5.25%	12/31/2022	\$10,532,994

Full-Service Restaurants

RM OpCo, LLC (Real Mex)	Convertible Second Lien Term Loan Tranche B-1	Fixed	-	8.50%	8.50%	3/30/2018	\$1,707,900
RM OpCo, LLC (Real Mex)	First Lien Term Loan Tranche A	Fixed	-	7.00%	7.00%	3/21/2016	\$3,809,395
RM OpCo, LLC (Real Mex)	Second Lien Term Loan Tranche B	Fixed	-	8.50%	8.50%	3/30/2018	\$8,509,880
RM OpCo, LLC (Real Mex)	Second Lien Term Loan Tranche B-1	Fixed	-	8.50%	8.50%	3/30/2018	\$2,680,052
RM OpCo, LLC (Real Mex)	Sr Convertible Second Lien Term Loan B	Fixed	-	8.50%	8.50%	3/30/2018	\$1,307,863

TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

June 30, 2015

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal	Cost
<u>Debt Investments (continued)</u>								
Gaming Industries								
AP Gaming I, LLC	First Lien Revolver	LIBOR (Q)	-	8.25%	8.25%	12/20/2018	\$-	\$(1,966,140)
AP Gaming I, LLC	First Lien Term Loan B	LIBOR (Q)	1.00%	8.25%	9.25%	12/20/2020	\$5,354,466	5,222,164
								3,256,024
General Medical and Surgical Hospitals								
RegionalCare Hospital Partners, Inc.	Second Lien Term Loan	LIBOR (M)	1.00%	9.50%	10.50%	10/23/2019	\$21,017,525	20,752,911
Grocery Stores								
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.50%	7.00%	8.50%	10/8/2019	\$10,197,698	10,158,685
The Great Atlantic & Pacific Tea Company, Inc.	Term Loan Tranche B	LIBOR (M)	1.00%	8.85%	9.85%	9/17/2019	\$20,574,985	20,263,132
								30,421,817
Insurance Carriers								
Acrisure, LLC	Second Lien Additional Notes	LIBOR (Q)	1.00%	8.25%	9.25%	11/19/2022	\$-	(29,538)
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	1.00%	8.25%	9.25%	11/19/2022	\$7,200,565	7,128,757
US Apple Holdco, LLC (Ventiv Technology)	First Lien Term Loan	LIBOR (Q)	0.50%	11.50%	12.00%	8/29/2019	\$20,000,000	19,307,381
								26,406,600
Insurance Related Activities								
		LIBOR (M)	1.25%	9.00%	10.25%	5/8/2019	\$11,061,809	10,951,714

Edgar Filing: TCP Capital Corp. - Form 10-Q

Confie Seguros
Holding II Co. Second Lien Term
Loan

Lessors of Nonfinancial Intangible Assets

ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (S)	1.00%	8.00%	9.00%	5/27/2022	\$15,990,714	15,845,538
ABG Intermediate Holdings 2, LLC	Second Lien Incremental Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	5/27/2022	\$3,474,715	3,439,967
ABG Intermediate Holdings 2, LLC	Second Lien Incremental Delayed Draw Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	5/27/2022	\$534,571	(5,346)
								19,280,159

Lessors of Real Estate

Hunt Companies, Inc.	Senior Secured Notes	Fixed	-	9.63%	9.63%	3/1/2021	\$3,584,000	3,545,762
----------------------	----------------------	-------	---	-------	-------	----------	-------------	-----------

Management, Scientific, and Technical Consulting Services

Dodge Data & Analytics, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.75%	9.75%	10/31/2019	\$24,947,425	24,339,212
-----------------------------	----------------------	-----------	-------	-------	-------	------------	--------------	------------

Motion Picture and Video Industries

CORE Entertainment, Inc.	First Lien Term Loan	Fixed	-	9.00%	9.00%	6/21/2017	\$9,462,231	9,413,174
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	-	13.50%	13.50%	6/21/2018	\$7,569,785	7,700,187
								17,113,361

Newspaper, Periodical, Book, and Directory Publishers

MediMedia USA, Inc.	First Lien Revolver	LIBOR (Q)	-	6.75%	6.99%	5/20/2018	\$2,092,500	1,401,938
MediMedia USA, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	6.75%	8.00%	11/20/2018	\$5,681,239	5,567,627
								6,969,565

Nondepository Credit Intermediation

Caribbean Financial Group (Cayman Islands)	Sr Secured Notes	Fixed	-	11.50%	11.50%	11/15/2019	\$26,975,000	26,812,775
Trade Finance Funding I, Ltd. (Cayman Islands)	Secured Class B Notes	Fixed	-	10.75%	10.75%	11/13/2018	\$15,084,000	15,084,000
								41,896,775

Nonscheduled Air Transportation

One Sky Flight, LLC	Second Lien Term Loan	Fixed	-	12% Cash + 3% PIK	15.00%	6/3/2019	\$32,656,459	31,853,705
---------------------	-----------------------	-------	---	-------------------	--------	----------	--------------	------------

Oil and Gas Extraction

Jefferson Gulf Coast	First Lien Term Loan B	LIBOR (M)	1.00%	8.00%	9.00%	2/27/2018	\$14,887,500	14,768,844
----------------------	------------------------	-----------	-------	-------	-------	-----------	--------------	------------

Edgar Filing: TCP Capital Corp. - Form 10-Q

Energy Partners, LLC									
MD America Energy, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	8/4/2019	\$10,000,000	9,573,639	24,342,483
Other Information Services									
TCH-2 Holdings, LLC (TravelClick)	Second Lien Term Loan	LIBOR (M)	1.00%	7.75%	8.75%	11/6/2021	\$19,988,392	19,719,926	
Other Telecommunications									
Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	7.75%	9.00%	4/30/2021	\$14,000,000	13,860,000	
Petroleum and Coal Products Manufacturing									
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	9.50%	11.00%	10/11/2017	\$3,825,453	4,007,877	
Boomerang Tube, LLC	Super Priority Debtor-in-Possession	LIBOR (Q)	-	11.00%	11.00%	10/7/2015	\$655,926	637,250	4,645,127
Pharmaceutical and Medicine Manufacturing									
Lantheus Medical Imaging, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	6.00%	7.00%	6/25/2022	\$6,000,000	5,905,000	
Plastics Products Manufacturing									
Iracore International, Inc.	Sr Secured Notes	Fixed	-	9.50%	9.50%	6/1/2018	\$13,600,000	13,600,000	
Radio and Television Broadcasting									
NEP/NCP Holdco, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.75%	10.00%	7/22/2020	\$2,203,132	2,170,254	
Fuse, LLC	Sr Secured Notes	Fixed	-	10.38%	10.38%	7/1/2019	\$7,312,000	7,312,000	
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	-	8.50%	8.75%	5/29/2017	\$32,141,081	31,905,137	41,387,391
Retail									
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.00%	10.40%	11.40%	9/25/2017	\$10,454,545	10,328,822	
Connexity, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	2/13/2020	\$6,532,500	6,532,500	16,861,322
Satellite Telecommunications									
Avanti Communications Group, PLC (United Kingdom)	Sr Secured Notes	Fixed	-	10.00%	10.00%	10/1/2019	\$9,914,000	9,914,000	

TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

June 30, 2015

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal	Cost
<u>Debt Investments (continued)</u>								
Scheduled Air Transportation								
Aircraft Leased to Delta Air Lines, Inc.								
N913DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	3/15/2017	\$160,557	\$160,557
N918DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	8/15/2018	\$274,258	274,258
N954DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	3/20/2019	\$383,702	383,702
N955DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	6/20/2019	\$407,585	407,585
N956DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	5/20/2019	\$404,487	404,487
N957DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	6/20/2019	\$411,150	411,150
N959DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	7/20/2019	\$417,756	417,756
N960DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	10/20/2019	\$440,895	440,895
N961DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	8/20/2019	\$431,473	431,473
N976DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	2/15/2018	\$262,325	262,325
Aircraft Leased to United Airlines, Inc.								
N659UA	Aircraft Secured Mortgage	Fixed	-	12.00%	12.00%	2/28/2016	\$966,658	966,658
N661UA	Aircraft Secured Mortgage	Fixed	-	12.00%	12.00%	5/4/2016	\$1,191,293	1,191,293
Cargojet Airways LTD. (Canada)	Aircraft Acquisition Loan A	LIBOR (Q)	-	8.50%	8.50%	1/31/2023	\$—	(285,700)
Cargojet Airways LTD. (Canada)	Aircraft Acquisition Loan A1	LIBOR (Q)	-	8.50%	8.50%	1/31/2023	\$—	(285,700)
Cargojet Airways LTD. (Canada)	Aircraft Acquisition Loan B	LIBOR (Q)	-	8.50%	8.50%	1/31/2023	\$—	(285,700)
Mesa Air Group, Inc.	Acquisition Delayed Draw Loan	LIBOR (M)	-	7.25%	N/A	7/15/2022	\$—	(271,500)
	Acquisition Loan		-	7.25%	7.44%	7/15/2022	\$16,920,742	16,613,601

Edgar Filing: TCP Capital Corp. - Form 10-Q

Mesa Air Group, Inc.		LIBOR (M)						21,237,140
Scientific Research and Development Services								
Arcadia Biosciences, Inc.	Sr Secured Term Loan	LIBOR (Q)	-	8.74%	8.74%	11/1/2018	\$20,000,000	19,809,547
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	-	12.25%	12.25%	4/1/2017	\$38,932,000	39,001,750
								58,811,297
Semiconductor and Other Electronic Component Manufacturing								
Central MN Renewables, LLC	Revolver	Fixed	-	8.25%	8.25%	1/1/2016	\$-	-
Redaptive, Inc.	Frist Lien Delayed Draw Term Loan	LIBOR (Q)	-	10.72%	10.72%	7/1/2018	\$-	(145,210)
Soraa, Inc.	Sr Secured Term Loan	LIBOR (M)	0.23%	10.27%	10.50%	9/1/2017	\$22,500,000	21,929,147
SunEdison, Inc.	Senior Secured Letters of Credit	Fixed	-	3.75%	N/A	2/28/2017	\$-	(712,376)
								21,071,561
Software Publishers								
Acronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	1.00%	13.00%	14.00%	2/21/2017	\$30,251,142	30,091,720
ArcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	0.50%	8.50%	9.00%	1/31/2020	\$30,000,000	29,483,172
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.50%	0.4% Cash + 7.6% PIK	9.50%	9/25/2018	\$14,101,222	13,405,026
Coreone Technologies, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	3.75% Cash + 5% PIK	9.75%	9/4/2018	\$14,617,894	14,424,631
Edmentum, Inc.	Jr Revolving Facility	LIBOR (Q)	-	5.00%	5.00%	6/9/2020	\$2,105,366	2,105,366
Edmentum Ultimate Holdings, LLC	Sr PIK Notes	LIBOR (Q)	-	8.50%	8.50%	6/9/2020	\$2,526,439	2,526,440
Edmentum Ultimate Holdings, LLC	Jr PIK Notes	LIBOR (Q)	-	10.00%	10.00%	6/9/2020	\$11,337,095	11,337,095
Fidelis Acquisitionco, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00%	9.00%	11/4/2019	\$41,498,855	40,690,380
Fidelis Acquisitionco, LLC	Revolver	LIBOR (Q)	1.00%	8.00%	9.00%	11/4/2019	\$-	-
SoundCloud Limited (United	Sr Secured Term Loan	LIBOR (Q)	-	10.72%	10.72%	10/1/2018	\$13,521,429	13,146,162

Edgar Filing: TCP Capital Corp. - Form 10-Q

Kingdom)

Virgin Pulse Inc.	First Lien Term Loan	LIBOR (Q)	-	8.00%	8.00%	5/21/2020	\$7,500,000	7,389,236
								164,599,228

Specialty Hospitals

Bioventus, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	4/10/2020	\$11,000,000	10,803,264
UBC Healthcare Analytics, Inc. (Evidera)	First Lien Term Loan	LIBOR (Q)	1.00%	9.00%	10.00%	7/1/2018	\$4,302,402	4,280,890
								15,084,154

Structured Note Funds

Magnolia Finance V plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	-	13.13%	13.13%	8/2/2021	\$15,000,000	15,000,000
---	----------------------------------	-------	---	--------	--------	----------	--------------	------------

Textile Furnishings Mills

Lexmark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	\$25,000,000	25,000,000
Lexmark Carpet Mills, Inc.	First Lien Term Loan B	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	\$8,575,581	8,361,305
								33,361,305

Utility System Construction

Kawa Solar Holdings Limited	Revolving Credit Facility	Fixed	-	8.00%	8.00%	7/2/2017	\$25,000,000	25,000,000
-----------------------------	---------------------------	-------	---	-------	-------	----------	--------------	------------

Wired Telecommunications Carriers

Alpheus Communications, LLC	First Lien Delayed Draw FILO Term Loan	LIBOR (Q)	1.00%	6.92%	7.92%	5/31/2018	\$710,370	693,325
Alpheus Communications, LLC	First Lien Delayed Draw FILO Term Loan	LIBOR (Q)	1.00%	6.92%	7.92%	5/31/2018	\$367,929	364,272
Alpheus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	1.00%	6.92%	7.92%	5/31/2018	\$8,041,921	7,961,973
Integra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.50%	9.75%	2/22/2020	\$13,231,193	13,018,007
								22,037,577

Wireless Telecommunications Carriers

Gogo, LLC	First Lien Term Loan	LIBOR (Q)	1.50%	9.75%	11.25%	6/21/2017	\$33,392,784	33,244,569
Gogo, LLC	First Lien Term Loan B-2	LIBOR (Q)	1.00%	6.50%	7.50%	3/21/2018	\$5,467,730	5,385,791
								38,630,360

Total Debt Investments

1,186,087,54

TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

June 30, 2015

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref Floor	Spread	All-In Rate	Maturity	Shares	Cost	Value	% Portfolio	Not
<u>Equity Securities</u>										
Architectural, Engineering, and Related Services										
Alion Science & Technology Corporation	Warrants					300	\$-	\$3	-	C
Basic Chemical Manufacturing										
Green Biologics, Inc.	Warrants to Purchase Stock					376,147	272,593	224,560	0.02 %	C/E
Business Support Services										
Findly Talent, LLC	Membership Units					708,229	230,938	162,184	0.01 %	C/E
STG-Fairway Holdings, LLC (First Advantage)	Class A Units					841,479	403,785	2,692,228	0.21 %	C/E
							634,723	2,854,412	0.22 %	
Communications Equipment Manufacturing										
Wasserstein Cosmos Co-Invest, L.P. (Globecomm)	Limited Partnership Units					5,000,000	5,000,000	5,175,000	0.41 %	B/C
Data Processing, Hosting, and Related Services										
Anacomp, Inc.	Class A Common					1,255,527	26,711,048	1,381,080	0.11 %	C/E

Edgar Filing: TCP Capital Corp. - Form 10-Q

	Stock					
Rightside Group, Ltd.	Warrants	498,855	2,778,622	787,732	0.06 %	C/E
			29,489,670	2,168,812	0.17 %	
Electrical Equipment and Component Manufacturing						
NEXTracker, Inc.	Series B Preferred Stock	268,817	999,999	2,886,718	0.23 %	C/E
NEXTracker, Inc.	Series C Preferred Stock	17,640	140,044	222,530	0.02 %	C/E
NEXTracker, Inc.	Warrants to Purchase Stock	357,022	381,723	4,419,825	0.35 %	C/E
			1,521,766	7,529,073	0.60 %	
Financial Investment Activities						
Marsico Holdings, LLC	Common Interest Units	168,698	172,694	3,374	-	C/E
Full-Service Restaurants						
RM Holdco, LLC (Real Mex)	Equity Participation	24	-	8	-	B/C
RM Holdco, LLC (Real Mex)	Membership Units	13,161,000	2,010,777	-	-	B/C
			2,010,777	8	-	
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing						
Precision Holdings, LLC	Class C Membership Interest	33	-	-	-	C/E
Nonmetallic Mineral Mining and Quarrying						
EPMC HoldCo, LLC	Membership Units	1,312,720	-	682,614	0.06 %	B/C
Nonscheduled Air Transportation						
Flight Options Holdings I, Inc. (One Sky)	Warrants to Purchase Common Stock	1,843	1,162,350	3,291,158	0.26 %	C/E
Radio and Television Broadcasting						
Fuse Media, LLC	Warrants to Purchase Common Stock	233,470	300,321	23	-	C/E
Retail						
		507,167	480,049	283,253	0.02 %	C/E

Shop Holding, LLC (Connexity)	Class A Units					
Shop Holding, LLC (Connexity)	Warrants to Purchase Class A Units	326,691	-	11,761	-	C/E
			480,049	295,014	0.02 %	
Scheduled Air Transportation						
Aircraft Leased to Delta Air Lines, Inc.						
N913DL	Trust Beneficial Interests	1,159	84,820	112,627	0.01 %	E/F
N918DL	Trust Beneficial Interests	939	89,674	131,852	0.01 %	E/F
N954DL	Trust Beneficial Interests	873	102,073	75,067	0.01 %	E/F
N955DL	Trust Beneficial Interests	841	99,911	109,538	0.01 %	E/F
N956DL	Trust Beneficial Interests	849	99,839	105,614	0.01 %	E/F
N957DL	Trust Beneficial Interests	841	100,396	106,478	0.01 %	E/F
N959DL	Trust Beneficial Interests	834	100,952	107,365	0.01 %	E/F
N960DL	Trust Beneficial Interests	812	103,116	106,867	0.01 %	E/F
N961DL	Trust Beneficial Interests	827	102,485	102,112	0.01 %	E/F
N976DL	Trust Beneficial Interests	1,004	91,609	101,352	0.01 %	E/F
Aircraft Leased to United Airlines, Inc.						
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	586	2,827,060	3,288,333	0.26 %	E/F

United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	569	2,760,403	3,188,962	0.26 %	E/F
			6,562,338	7,536,167	0.62 %	
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing						
KAGY Holding Company, Inc.	Series A Preferred Stock	9,778	1,091,200	345,257	0.03 %	B/C
Semiconductor and Other Electronic Component Manufacturing						
Ichor Systems Holdings, LLC	Membership Units	352	-	229,504	0.02 %	C/E
Soraa, Inc.	Warrants to Purchase Common Stock	315,000	408,987	78,845	0.01 %	C/E
			408,987	308,349	0.03 %	

TCP Capital Corp.

Consolidated Schedule of Investments (Unaudited) (Continued)

June 30, 2015

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref Floor Spread	All-In Rate	Maturity	Shares	Cost	Value
<u>Equity Securities</u>							
<u>(continued)</u>							
Software Publishers							
Blackline Intermediate, Inc.	Warrants to Purchase Common Stock				1,232,731	\$522,678	\$991,979
Edmentum Ultimate Holdings, LLC	Class A Common Units				159,515	680,218	680,218
SoundCloud, Ltd. (United Kingdom)	Warrants to Purchase Preferred Stock				405,642	33,892	33,912
						1,236,788	1,706,109
Wired Telecommunications Carriers							
Integra Telecom, Inc.	Common Stock				1,274,522	8,433,884	5,269,511
Integra Telecom, Inc.	Warrants				346,939	19,920	221,174
V Telecom Investment S.C.A. (Vivacom) (Luxembourg)	Common Shares				1,393	3,236,256	3,479,044
						11,690,060	8,969,729
Total Equity Securities						62,034,316	41,089,662

Total Investments	1,248,121,857	1,211,975,049
<u>Cash and Cash</u>		
<u>Equivalents</u>		
Cash Denominated in Foreign Currencies		135,394
Cash Held on Account at Various Institutions		36,570,820
Cash and Cash		
Equivalents		36,706,214
Total Cash and Investments		\$ 1,248,681,263

Notes to Consolidated Schedule of Investments:

Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to (A) registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.

Non-controlled affiliate – as defined under the Investment Company Act of 1940 (ownership of between 5% and (B) 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. Foreign currency denominated investments are generally hedged for currency exposure. At June 30, 2015, such hedging activities included the derivatives listed at the end of the Consolidated Schedule of Investments. (See Note 2)

(E) Restricted security. (See Note 2)

Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the (F) 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.

Edgar Filing: TCP Capital Corp. - Form 10-Q

(H) 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.

(I) Deemed an 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.

(J) 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.

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

(L) In addition to the stated coupon, investment has a back-end fee payable on the original principal amount upon repayment of the loan at a rate of 4.0% for Soraa, 8.0% for VitAg, 1.5% for Enerwise, 2.5% for NEXTracker, 7.0% for Green Biologics and 3.0% for Arcadia Biosciences.

(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), semiannually (S), or annually (A).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$302,770,028, and \$240,177,662 respectively, for the six months ended June 30, 2015. 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 June 30, 2015 was \$1,211,975,046, or 97.1% of total cash and investments of the Company.

Options and swaps at June 30, 2015 were as follows:

Investment	Notional Amount	Fair Value
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$30
	\$ 4,289,018	\$2,866,985

Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires
3/31/2017

See accompanying notes.

TCP Capital Corp.

Consolidated Schedule of Investments

December 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal	Cost	Value
<u>Debt Investments</u>^(A)									
Accounting, Tax Preparation, Bookkeeping, and Payroll Services									
EGS Holdings, Inc.	Holdco PIK Notes	LIBOR (A)	3.00%	10.00%	13.00%	10/3/2018	\$57,238	\$57,238	\$56,237
Expert Global Solutions, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	11.00%	12.50%	10/3/2018	\$7,124,902	6,959,593	7,096,4
								7,016,831	7,152,6
Activities Related to Real Estate									
Greystone Select Holdings, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.00%	9.00%	3/26/2021	\$16,470,084	16,261,549	16,511,
Advertising, Public Relations, and Related Services									
Doubleplay III Limited (United Kingdom)	First Lien Facility A1 Term Loan	EURIBOR (Q)	1.25%	6.25%	7.50%	3/18/2018	€13,165,705	16,791,646	15,450,
Artificial Synthetic Fibers and Filaments Manufacturing									
AGY Holding Corp.	Sr Secured Term Loan	Fixed	-	12.00%	12.00%	9/15/2016	\$4,869,577	4,869,577	4,869,5
AGY Holding Corp.	Second Lien Notes	Fixed	-	11.00%	11.00%	11/15/2016	\$9,268,000	7,586,318	9,017,7
								12,455,895	13,887,
Basic Chemical Manufacturing									
BioAmber, Inc.	Sr Secured Term Loan	LIBOR (M)	0.23%	9.27%	9.50%	12/1/2017	\$25,000,000	24,505,108	25,050,
			3.25%	7.75%	11.00%	5/1/2018	\$15,000,000	14,503,743	14,730,

Edgar Filing: TCP Capital Corp. - Form 10-Q

Green Biologics, Inc. M&G	Sr Secured Term Loan	Prime Rate								
Chemicals S.A. (Luxembourg)	Sr Secured Term Loan	LIBOR (Q)	0.23%	8.50%	8.73%	3/18/2016	\$15,632,077	15,632,077	15,632,077	
PeroxyChem, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	6.50%	7.50%	2/28/2020	\$8,932,500	8,783,187	8,932,500	
VitAG Holdings, LLC	Sr Secured Term Loan	LIBOR (M)	0.23%	10.27%	10.50%	2/1/2018	\$7,700,000	7,555,099	7,646,000	
								70,979,214	71,990,000	
Beverage Manufacturing										
Carolina Beverage Group, LLC	Secured Notes	Fixed	-	10.63%	10.63%	8/1/2018	\$4,780,000	4,780,000	4,851,700	
Business Support Services										
Enerwise Global Technologies, Inc.	Sr Secured Revolving Loan	LIBOR (Q)	0.23%	8.52%	8.75%	11/30/2017	\$-	(106,405)	(60,000)	
Enerwise Global Technologies, Inc.	Sr Secured Term Loan	LIBOR (Q)	0.23%	9.27%	9.50%	11/30/2019	\$17,500,000	17,158,899	17,360,000	
STG-Fairway Acquisitions, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	9.25%	10.50%	8/28/2019	\$14,643,455	14,036,428	14,863,000	
								31,088,922	32,163,000	
Chemical Manufacturing										
Archroma	Term Loan B	LIBOR (Q)	1.25%	8.25%	9.50%	9/30/2018	\$19,896,228	19,593,258	19,747,000	
Communications Equipment Manufacturing										
Globecom Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	7.63%	8.88%	12/11/2018	\$14,850,000	14,701,500	14,656,000	
Computer Equipment Manufacturing										
ELO Touch Solutions, Inc.	Second Lien Term Loan	LIBOR (Q)	1.50%	10.50%	12.00%	12/1/2018	\$12,000,000	11,638,008	11,520,000	
Computer Systems Design and Related Services										
Autoalert, LLC	First Lien Term Loan	LIBOR (Q)	0.25%	4.75% Cash + 4% PIK	9.00%	3/31/2019	\$30,926,035	30,399,049	31,080,000	
Blue Coat Systems, Inc.	First Lien Revolver	LIBOR (Q)	1.00%	3.50%	4.50%	5/31/2018	\$-	(727,290)	(660,240)	
Blue Coat Systems, Inc.	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	6/28/2020	\$15,000,000	14,878,125	14,775,000	
			1.00%	7.50%	8.50%	5/29/2021	\$11,993,035	11,880,123	11,753,000	

Edgar Filing: TCP Capital Corp. - Form 10-Q

MSC Software Corporation	Second Lien Term Loan	LIBOR (M)								
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan B	LIBOR (Q)	-	8.00%	8.23%	9/3/2018	\$2,361,467	2,361,467	2,341,3	
OnX Enterprise Solutions, Ltd. (Canada)	First Lien Term Loan	LIBOR (Q)	-	7.00%	7.23%	9/3/2018	\$10,533,333	10,415,821	10,259,	
OnX USA, LLC	First Lien Term Loan B	LIBOR (Q)	-	8.00%	8.23%	9/3/2018	\$4,722,933	4,722,933	4,682,7	
OnX USA, LLC	First Lien Term Loan	LIBOR (Q)	-	7.00%	7.23%	9/3/2018	\$5,266,667	5,211,626	5,129,7	
Vistronix, LLC	First Lien Revolver	LIBOR (Q)	0.50%	8.00%	8.50%	12/4/2018	\$-	(5,809)	-	
Vistronix, LLC	First Lien Term Loan	LIBOR (M)	0.50%	8.00%	8.50%	12/4/2018	\$6,535,333	6,466,509	6,551,6	
Websense, Inc.	Second Lien Term Loan	LIBOR (Q)	1.00%	7.25%	8.25%	12/27/2020	\$7,200,000	7,164,000	6,930,0	
								92,766,554	92,843,	
Cut and Sew Apparel Manufacturing										
Jones Apparel, LLC	First Lien FILO Term Loan	LIBOR (M)	1.00%	9.60%	10.60%	4/8/2019	\$14,329,403	14,202,296	14,429,	
Data Processing, Hosting, and Related Services										
Asset International, Inc.	Delayed Draw Term Loan	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$-	(42,880)	(29,158	
Asset International, Inc.	Revolver	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$484,752	475,358	477,885	
Asset International, Inc.	First Lien Term Loan	LIBOR (M)	1.00%	7.00%	8.00%	7/31/2020	\$8,191,755	8,037,946	8,122,1	
Rightside Group, Ltd.	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75%	9.25%	8/6/2019	\$5,000,000	4,042,549	4,775,0	
The Telx Group, Inc.	Senior Notes	Fixed	-	13.5% PIK	13.50%	7/9/2021	\$4,446,651	4,446,651	4,611,1	
United TLD Holdco, Ltd. (Cayman Islands)	Second Lien Term Loan	LIBOR (Q)	0.50%	8.75%	9.25%	8/6/2019	\$10,000,000	8,085,098	9,550,0	
								25,044,722	27,507,	
Electrical Equipment and Component Manufacturing										
			-	8.00%	8.00%	7/1/2016	\$2,500,000	508,086	1,126,2	

Edgar Filing: TCP Capital Corp. - Form 10-Q

NEXTracker, Inc.	Sr Secured Revolver	LIBOR (M)							
NEXTracker, Inc.	Sr Secured Term Loan	LIBOR (M)	-	9.50%	9.50%	12/16/2016	\$2,500,000	2,216,771	2,303,7
Palladium Energy, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00%	10.00%	12/26/2017	\$16,153,317	15,942,351	16,234,
								18,667,208	19,664,

Electrical Equipment Manufacturing

API Technologies Corp.	First Lien Term Loan	LIBOR (Q)	1.50%	7.50%	9.00%	2/6/2018	\$6,687,055	6,631,621	6,610,1
------------------------	----------------------	-----------	-------	-------	-------	----------	-------------	-----------	---------

Fabricated Metal Product Manufacturing

Constellation Enterprises, LLC	First Lien Notes	Fixed	-	10.63%	10.63%	2/1/2016	\$2,900,000	2,858,907	2,392,5
--------------------------------	------------------	-------	---	--------	--------	----------	-------------	-----------	---------

Financial Investment Activities

Institutional Shareholder Services, Inc.	Second Lien Term Loan	LIBOR (Q)	1.00%	7.50%	8.50%	4/30/2022	\$6,471,492	6,411,582	6,374,4
Marsico Capital Management	First Lien Term Loan	LIBOR (M)	-	5.00%	5.25%	12/31/2022	\$10,500,040	13,220,948	2,274,9
								19,632,530	8,649,4

TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal	Cost	Value
<u>Debt Investments (continued)</u>									
Full-Service Restaurants									
RM OpCo, LLC	Convertible Second Lien Term Loan Tranche B-1	Fixed	-	8.50%	8.50%	3/30/2018	\$1,636,314	\$1,614,711	\$1,636,314
RM OpCo, LLC	First Lien Term Loan Tranche A	Fixed	-	7.00%	7.00%	3/21/2016	\$3,900,025	3,898,911	3,900,025
RM OpCo, LLC	Second Lien Term Loan Tranche B	Fixed	-	8.50%	8.50%	3/30/2018	\$8,153,188	8,153,188	6,457,325
RM OpCo, LLC	Second Lien Term Loan Tranche B-1	Fixed	-	8.50%	8.50%	3/30/2018	\$2,567,717	2,546,166	2,567,717
RM OpCo, LLC	Sr Convertible Second Lien Term Loan B	Fixed	-	8.50%	8.50%	3/30/2018	\$631,164	631,164	631,164
								16,844,140	15,192,545
Gaming Industries									
AP Gaming I, LLC	First Lien Revolver	LIBOR (Q)	-	8.25%	8.41%	12/20/2018	\$5,000,000	2,931,716	2,812,500
AP Gaming I, LLC	First Lien Term Loan B	LIBOR (Q)	1.00%	8.25%	9.25%	12/20/2020	\$14,850,000	14,450,326	14,850,000

								17,382,042	17,662,500
General Medical and Surgical Hospitals									
RegionalCare Hospital Partners, Inc.	Second Lien Term Loan	LIBOR (M)	1.00%	9.50%	10.50%	10/23/2019	\$21,017,525	20,729,782	20,964,981
Grocery Stores									
Bashas, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.50%	7.00%	8.50%	10/8/2019	\$10,632,845	10,592,167	10,616,895
The Great Atlantic & Pacific Tea Company, Inc.	Term Loan Tranche B	LIBOR (M)	1.00%	8.85%	9.85%	9/17/2019	\$20,966,890	20,619,519	20,945,923
Insurance Carriers								31,211,686	31,562,818
Acrisure, LLC	Second Lien Additional Notes	LIBOR (Q)	1.00%	10.50%	11.50%	3/31/2020	\$2,520,198	2,391,227	2,527,200
Acrisure, LLC	Second Lien Notes	LIBOR (Q)	1.00%	10.50%	11.50%	3/31/2020	\$29,288,298	28,725,701	29,317,586
US Apple Holdco, LLC	First Lien Term Loan	LIBOR (Q)	0.50%	11.50%	12.00%	8/29/2019	\$20,000,000	19,247,507	19,940,000
Insurance Related Activities								50,364,435	51,784,786
Confie Seguros Holding II Co.	Second Lien Term Loan	LIBOR (M)	1.25%	9.00%	10.25%	5/8/2019	\$7,861,809	7,776,100	7,859,372
Lessors of Nonfinancial Intangible Assets									
ABG Intermediate Holdings 2, LLC	Second Lien Term Loan	LIBOR (S)	1.00%	8.00%	9.00%	5/27/2022	\$15,990,714	15,838,253	16,110,644
Lessors of Real Estate									
Hunt Companies, Inc.	Senior Secured Notes	Fixed	-	9.63%	9.63%	3/1/2021	\$13,084,000	12,935,462	13,476,520
Management, Scientific, and Technical Consulting Services									
Dodge Data & Analytics, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	8.75%	9.75%	10/31/2019	\$27,923,077	27,174,478	27,853,269
Merchant Wholesalers									
Envision Acquisition Company, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.75%	9.75%	11/4/2021	\$9,079,011	8,914,869	9,044,964
Motion Picture and Video Industries									

Edgar Filing: TCP Capital Corp. - Form 10-Q

CORE Entertainment, Inc.	First Lien Term Loan	Fixed	-	9.00%	9.00%	6/21/2017	\$9,462,231	9,402,044	8,203,755
CORE Entertainment, Inc.	Second Lien Term Loan	Fixed	-	13.50%	13.50%	6/21/2018	\$7,569,785	7,518,166	6,233,718
								16,920,210	14,437,473
Newspaper, Periodical, Book, and Directory Publishers									
MediMedia USA, Inc.	First Lien Revolver	LIBOR (Q)	-	6.75%	6.99%	5/20/2018	\$3,875,000	3,065,963	3,596,543
MediMedia USA, Inc.	First Lien Term Loan	LIBOR (Q)	1.25%	6.75%	8.00%	11/20/2018	\$9,591,911	9,372,798	9,376,093
								12,438,761	12,972,636
Nondepository Credit Intermediation									
Caribbean Financial Group (Cayman Islands)	Sr Secured Notes	Fixed	-	11.50%	11.50%	11/15/2019	\$10,000,000	9,846,274	10,300,000
Trade Finance Funding I, Ltd. (Cayman Islands)	Secured Class B Notes	Fixed	-	10.75%	10.75%	11/13/2018	\$15,084,000	15,084,000	15,008,580
								24,930,274	25,308,580
Nonscheduled Air Transportation									
One Sky Flight, LLC	Second Lien Term Loan	Fixed	-	12% Cash + 3% PIK	15.00%	6/3/2019	\$18,660,646	17,417,637	19,220,465
Oil and Gas Extraction									
Jefferson Gulf Coast Energy Partners, LLC	First Lien Term Loan B	LIBOR (M)	1.00%	8.00%	9.00%	2/27/2018	\$14,962,500	14,824,074	14,289,188
MD America Energy, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	8.50%	9.50%	8/4/2019	\$10,000,000	9,533,785	9,600,000
								24,357,859	23,889,188
Other Information Services									
TCH-2 Holdings, LLC	Second Lien Term Loan	LIBOR (M)	1.00%	7.75%	8.75%	11/6/2021	\$19,988,392	19,704,946	19,288,799
Other Telecommunications									
Securus Technologies, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	7.75%	9.00%	4/30/2021	\$14,000,000	13,860,000	13,790,000

TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal	Cost	Value
<u>Debt Investments</u>									
<u>(continued)</u>									
Petroleum and Coal Products Manufacturing									
Boomerang Tube, LLC	Second Lien Term Loan	LIBOR (Q)	1.50%	9.50%	11.00%	10/11/2017	\$3,825,453	\$3,778,669	\$3,318,000
Plastics Products Manufacturing									
Iracore International, Inc.	Sr Secured Notes	Fixed	-	9.50%	9.50%	6/1/2018	\$13,600,000	13,600,000	8,194,000
Radio and Television Broadcasting									
SiTV, Inc.	Sr Secured Notes	Fixed	-	10.38%	10.38%	7/1/2019	\$7,312,000	7,312,000	6,818,000
The Tennis Channel, Inc.	First Lien Term Loan	LIBOR (Q)	-	8.50%	8.75%	5/29/2017	\$18,250,825	17,914,285	18,300,000
								25,226,285	25,180,000
Retail									
Kenneth Cole Productions, Inc.	First Lien FILO Term Loan	LIBOR (M)	1.00%	10.40%	11.40%	9/25/2017	\$10,590,909	10,434,633	10,600,000
Connexity, Inc.	Second Lien Term Loan	LIBOR (Q)	-	12.50%	12.73%	3/31/2016	\$6,630,353	6,536,895	6,600,000
Shop Holding, LLC	Convertible Promissory Note	Fixed	-	5.00%	5.00%	8/5/2015	\$73,140	73,140	67,600,000
								17,044,668	17,300,000
Satellite Telecommunications									
		Fixed	-	10.00%	10.00%	10/1/2019	\$9,914,000	9,914,000	9,492,000

Avanti
Communications
Group, PLC
(United
Kingdom)

Sr Secured
Notes

Scheduled Air Transportation

Aircraft Leased
to Delta Air
Lines, Inc.

N913DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	3/15/2017	\$205,106	205,106	209,106
N918DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	8/15/2018	\$313,694	313,694	320,694
N954DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	3/20/2019	\$429,007	429,007	437,007
N955DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	6/20/2019	\$451,165	451,165	460,165
N956DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	5/20/2019	\$448,792	448,792	457,792
N957DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	6/20/2019	\$455,112	455,112	464,112
N959DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	7/20/2019	\$461,378	461,378	470,378
N960DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	10/20/2019	\$483,873	483,873	493,873
N961DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	8/20/2019	\$475,489	475,489	484,489
N976DL	Aircraft Secured Mortgage	Fixed	-	8.00%	8.00%	2/15/2018	\$308,103	308,103	314,103

Aircraft Leased
to United
Airlines, Inc.

N659UA	Aircraft Secured Mortgage	Fixed	-	12.00%	12.00%	2/28/2016	\$1,582,136	1,582,136	1,652,136
N661UA	Aircraft Secured Mortgage	Fixed	-	12.00%	12.00%	5/4/2016	\$1,788,182	1,788,181	1,899,181
Mesa Air Group, Inc.	Acquisition Delayed	LIBOR - (M)	-	7.25%	N/A	7/15/2022	\$—	(271,500)	(135,500)

Edgar Filing: TCP Capital Corp. - Form 10-Q

Mesa Air Group, Inc.	Draw Loan Acquisition Loan	LIBOR (M)	-	7.25%	7.44%	7/15/2022	\$17,810,658	17,469,814	17,63
								24,600,350	25,10
Scientific Research and Development Services									
BPA Laboratories, Inc.	Senior Secured Notes	Fixed	-	12.25%	12.25%	4/1/2017	\$38,932,000	39,001,750	41,75
Semiconductor and Other Electronic Component Manufacturing									
Soraa, Inc.	Sr Secured Term Loan	LIBOR (M)	0.23%	10.27%	10.50%	9/1/2017	\$22,500,000	21,822,817	21,63
SunEdison, Inc.	Senior Secured Letters of Credit	Fixed	-	3.75%	N/A	2/28/2017	\$-	(1,031,717)	(750,
								20,791,100	20,88
Software Publishers									
Acronis International GmbH (Switzerland)	First Lien Term Loan	LIBOR (Q)	1.00%	13.00%	14.00%	2/21/2017	\$30,634,068	30,429,609	28,94
ArcServe (USA), LLC	Second Lien Term Loan	LIBOR (Q)	0.50%	8.50%	9.00%	1/31/2020	\$30,000,000	29,439,740	30,01
BlackLine Systems, Inc.	First Lien Term Loan	LIBOR (Q)	1.50%	0.4% Cash + 7.6% PIK	9.50%	9/25/2018	\$13,577,457	12,859,373	13,78
Coreone Technologies, LLC	First Lien Term Loan	LIBOR (Q)	1.00%	3.75% Cash + 5% PIK	9.75%	9/4/2018	\$14,257,231	14,028,252	13,80
Deltek, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.75%	10.00%	10/10/2019	\$15,000,000	14,831,408	15,09
Edmentum, Inc.	Second Lien Term Loan	LIBOR (Q)	1.50%	9.75%	11.25%	5/17/2019	\$21,500,000	21,361,215	11,28
								122,949,597	112,9
Specialty Hospitals									
Bioventus, LLC	Second Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	4/10/2020	\$11,000,000	10,786,339	10,94
UBC Healthcare Analytics, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	9.00%	10.00%	7/1/2018	\$4,401,081	4,379,076	4,390
								15,165,415	15,33
Structured Note Funds									
Magnolia Finance V plc (Cayman Islands)	Asset-Backed Credit Linked Notes	Fixed	-	13.13%	13.13%	8/2/2021	\$15,000,000	15,000,000	15,12

TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor	Spread	All-In Rate	Maturity	Principal or Shares	Cost	Value
<u>Debt Investments (continued)</u>									
Textile Furnishings Mills									
Lexmark Carpet Mills, Inc.	First Lien Term Loan	LIBOR (Q)	1.00%	10.00%	11.00%	12/19/2019	\$25,000,000	\$25,000,000	\$24,925,000
Utility System Construction									
Kawa Solar Holdings Limited	Revolving Credit Facility	Fixed	-	8.00%	8.00%	7/2/2017	\$25,000,000	25,000,000	25,000,000
Wired Telecommunications Carriers									
Alpheus Communications, LLC	Delayed Draw Term Loan	LIBOR (Q)	1.00%	6.92%	7.92%	5/31/2018	\$372,616	361,456	371,494
Alpheus Communications, LLC	First Lien FILO Term Loan	LIBOR (Q)	1.00%	6.92%	7.92%	5/31/2018	\$8,145,022	8,064,048	8,136,870
Integra Telecom Holdings, Inc.	Second Lien Term Loan	LIBOR (Q)	1.25%	8.50%	9.75%	2/22/2020	\$15,000,000	14,737,750	14,943,750
								23,163,254	23,452,100
Wireless Telecommunications Carriers									
Gogo, LLC	First Lien Term Loan	LIBOR (Q)	1.50%	9.75%	11.25%	6/21/2017	\$19,083,140	18,579,398	19,655,600
Gogo, LLC	First Lien Term Loan B-2	LIBOR (Q)	1.00%	6.50%	7.50%	3/21/2018	\$5,510,950	5,414,893	5,345,620
								23,994,291	25,001,200
Total Debt Investments								1,128,140,974	1,113,590,000

Equity Securities**Architectural, Engineering, and Related Services**

Alion Science & Technology Corporation	Warrants	300	-	3
--	----------	-----	---	---

Basic Chemical Manufacturing

Green Biologics, Inc.	Warrants to Purchase Stock	376,147	272,594	276,882
-----------------------	----------------------------	---------	---------	---------

Business Support Services

Findly Talent, LLC	Membership Units	708,229	230,938	162,184
STG-Fairway Holdings, LLC	Class A Units	841,479	943,287	2,917,499
			1,174,225	3,079,670

Communications Equipment Manufacturing

Wasserstein Cosmos Co-Invest, L.P.	Limited Partnership Units	5,000,000	5,000,000	4,175,000
------------------------------------	---------------------------	-----------	-----------	-----------

Data Processing, Hosting, and Related Services

Anacomp, Inc.	Class A Common Stock	1,255,527	26,711,048	916,535
Rightside Group, Ltd.	Warrants	498,855	2,778,622	693,748
			29,489,670	1,610,288

Electrical Equipment and Component Manufacturing

NEXTracker, Inc.	Series B Preferred Stock	268,817	999,999	999,999
NEXTracker, Inc.	Warrants to Purchase Stock	357,022	370,118	385,013
			1,370,117	1,385,011

Financial Investment Activities

Marsico Holdings, LLC	Common Interest Units	168,698	172,694	16,870
-----------------------	-----------------------	---------	---------	--------

Full-Service Restaurants

RM Holdco, LLC	Equity Participation	24	-	792
RM Holdco, LLC	Membership Units	13,161,000	2,010,777	-
			2,010,777	792

Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing

33	-	1,469
----	---	-------

Edgar Filing: TCP Capital Corp. - Form 10-Q

Precision Holdings, LLC	Class C Membership Interest			
Nonmetallic Mineral Mining and Quarrying				
EPMC HoldCo, LLC	Membership Units	1,312,720	-	682,614
Nonscheduled Air Transportation				
Flight Options Holdings I, Inc.	Warrants to Purchase Common Stock	1,843	1,274,000	3,311,430
Radio and Television Broadcasting				
SiTV, Inc.	Warrants to Purchase Common Stock	233,470	300,322	331,527
Retail				
Shop Holding, LLC	Class A Units	507,167	480,049	379,665
Shop Holding, LLC	Warrants to Purchase Class A Units	326,691	-	3
			480,049	379,668
Scheduled Air Transportation				
Aircraft Leased to Delta Air Lines, Inc.				
N913DL	Trust Beneficial Interests	1,009	87,287	117,497
N918DL	Trust Beneficial Interests	829	94,907	135,890
N954DL	Trust Beneficial Interests	775	110,643	72,604
N955DL	Trust Beneficial Interests	749	109,549	111,010
N956DL	Trust Beneficial Interests	756	109,486	106,801
N957DL	Trust Beneficial Interests	749	110,163	107,682
N959DL		743	110,838	108,579

	Trust Beneficial Interests			
N960DL	Trust Beneficial Interests	726	113,477	107,865
N961DL	Trust Beneficial Interests	737	112,742	102,826
N976DL	Trust Beneficial Interests	883	97,111	102,006
Aircraft Leased to United Airlines, Inc.				
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests	525	2,548,939	3,177,822
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests	509	2,495,032	3,078,922
			6,100,174	7,329,500

TCP Capital Corp.

Consolidated Schedule of Investments (Continued)

December 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Issuer	Instrument	Ref	Floor Spread	All-In Rate	Maturity	Shares	Cost	Value	% of Total
<u>Equity Securities</u>									
<u>(continued)</u>									
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing									
KAGY Holding Company, Inc.	Series A Preferred Stock					9,778	\$ 1,091,200	\$ 121,975	0.1%
Semiconductor and Other Electronic Component Manufacturing									
Ichor Systems Holdings, LLC	Membership Units					352	-	229,504	0.1%
Soraa, Inc.	Warrants to Purchase Common Stock					315,000	408,987	-	0.1%
							408,987	229,504	0.1%
Software Publishers									
Blackline Intermediate, Inc.	Warrants to Purchase Common Stock					1,232,731	522,678	789,441	0.2%
Wired Telecommunications Carriers									
Integra Telecom, Inc.	Common Stock					1,274,522	8,433,885	5,295,511	0.3%
Integra Telecom, Inc.	Warrants					346,939	19,920	226,482	0.0%
						1,393	3,236,256	3,699,127	0.0%

V Telecom Investment S.C.A. (Luxembourg)	Common Shares					11,690,061	9,221,120	0
Total Equity Securities						61,357,548	32,942,771	2
Total Investments						1,189,498,522	1,146,535,886	
<u>Cash and Cash Equivalents</u>								
Union Bank of California Cash Denominated in Foreign Currencies Cash Held on Account at Various Institutions	Commercial Paper	Fixed -	0.03%		1/2/2015		6,999,994	0
Cash and Cash Equivalents							27,268,792	2
Total Cash and Investments							\$1,173,804,678	1

Notes to Consolidated Schedule of Investments:

Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to (A) registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.

Non-controlled affiliate – as defined under the Investment Company Act of 1940 (ownership of between 5% and (B) 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)

Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the (F)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.

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 (H)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.

Deemed an investment company under Section 3(c) of the Investment Company Act and as a result the investment (I)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.

Publicly traded company with a market capitalization greater than \$250 million and as a result the investment is not (J)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) Negative balances relate to an unfunded commitment that was acquired and valued at a discount.

In addition to the stated coupon, investment has a back-end fee payable upon repayment of the loan in the amount (L)of 4.0% for Soraa, 8.0% for VitAg, 1.5% for Enerwise, 2.5% for NEXTracker, and 7.0% for Green Biologics.

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

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

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$669,515,626, and \$266,008,974 respectively, for the twelve months ended December 31, 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 December 31, 2014 was \$1,146,535,883, or 97.7% of total cash and investments of the Company.

Options and swaps at December 31, 2014 were as follows:

Investment	Notional Amount	Fair Value
Interest Rate Cap, 4%, expires 5/15/2016	\$ 25,000,000	\$497
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/2017	\$ 4,289,018	\$ 1,717,610

See accompanying notes.

TCP Capital Corp.

Consolidated Statements of Operations (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Investment income				
Interest income:				
Companies less than 5% owned	\$ 36,133,215	\$ 22,333,382	\$ 66,410,364	\$ 40,474,125
Companies 5% to 25% owned	1,203,388	1,357,315	2,311,666	2,694,179
Companies more than 25% owned	148,269	234,835	319,094	492,462
Dividend income:				
Companies 5% to 25% owned	-	-	-	1,968,748
Lease income:				
Companies 5% to 25% owned	-	87,504	-	208,543
Companies more than 25% owned	331,336	254,682	623,042	463,572
Other income:				
Companies less than 5% owned	1,121,612	319,582	2,089,007	954,316
Total investment income	38,937,820	24,587,300	71,753,173	47,255,945
Operating expenses				
Management and advisory fees	4,618,214	3,104,872	8,977,412	5,991,080
Interest expense	3,518,811	1,019,751	6,741,661	1,476,612
Legal fees, professional fees and due diligence expenses	1,262,653	355,237	1,568,775	559,393
Amortization of deferred debt issuance costs	514,289	429,394	1,074,535	802,148
Administrative expenses	389,643	379,469	782,437	636,275
Commitment fees	282,921	215,864	604,443	407,062
Insurance expense	89,324	64,928	172,801	118,828
Director fees	80,750	81,670	165,840	167,382
Custody fees	69,062	60,849	139,250	111,656
Other operating expenses	842,818	449,058	1,316,203	768,644
Total operating expenses	11,668,485	6,161,092	21,543,357	11,039,080
Net investment income	27,269,335	18,426,208	50,209,816	36,216,865
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				
Investments in companies less than 5% owned	(9,343,606)	125,710	(9,449,473)	(6,670,011)
Investments in companies 5% to 25% owned	395	808,036	790	808,411
Investments in companies more than 25% owned	-	-	19,167	-
Net realized gain (loss)	(9,343,211)	933,746	(9,429,516)	(5,861,600)

Edgar Filing: TCP Capital Corp. - Form 10-Q

Net change in net unrealized appreciation/depreciation	7,128,219	(3,945,684)	7,650,079	8,029,680
Net realized and unrealized gain (loss)	(2,214,992)	(3,011,938)	(1,779,437)	2,168,080
Gain on repurchase of Series A preferred interests	1,675,000	-	1,675,000	-
Dividends on Series A preferred equity facility	(428,422)	(356,677)	(791,095)	(725,812)
Net change in accumulated dividends on Series A preferred equity facility	78,515	(383)	99,249	10,112
Distributions of incentive allocation to the General Partner from:				
Net investment income	(5,383,887)	(3,613,830)	(9,903,596)	(7,100,233)
Net change in reserve for incentive allocation	-	602,388	-	(433,616)
Net increase in net assets applicable to common shareholders resulting from operations	\$ 20,995,549	\$ 12,045,768	\$ 39,509,937	\$ 30,135,396
Basic and diluted earnings per common share	\$ 0.43	\$ 0.33	\$ 0.81	\$ 0.83
Basic and diluted weighted average common shares outstanding	48,903,081	36,200,021	48,807,788	36,199,969

See accompanying notes.

TCP Capital Corp.

Consolidated Statements of Changes in Net Assets

	Common Stock		Paid in Capital	Accumulated Net Investment Income	Accumulated Net Realized Losses	Accumulated Net Unrealized Depreciation	Non-controlling Interest	Total Net Assets
	Shares	Par Amount	Excess of Paid in Capital					
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)	\$549,600
Issuance of common stock in public offering, net	12,110,000	12,110	201,127,367	-	-	-	-	201,127,367
Issuance of common stock from at the market	400,255	400	6,420,026	-	-	-	-	6,420,026
offerings, net								
Issuance of common stock from dividend reinvestment plan	456	-	7,687	-	-	-	-	7,687
Issuance of convertible debt	-	-	2,515,594	-	-	-	-	2,515,594
Net investment income	-	-	-	77,292,563	-	-	-	77,292,563
Realized and unrealized gains (losses)	-	-	-	-	(21,118,867)	(6,185,711)	-	(27,304,578)
Dividends on Series A preferred equity facility	-	-	-	(1,438,172)	-	-	-	(1,438,172)
General Partner incentive allocation	-	-	-	(15,170,877)	-	-	1,168,583	(14,003,164)
Regular dividends paid	-	-	-	(58,867,403)	-	-	-	(58,867,403)

Edgar Filing: TCP Capital Corp. - Form 10-Q

to common shareholders									
Special dividends paid to common shareholders	-	-	-	(4,245,526)	-	-	-	(4,245,526)	
Tax reclassification of stockholders' equity in accordance with generally accepted accounting principles	-	-	(808,813)	297,701	511,112	-	-	-	
Balance at December 31, 2014	48,710,627	\$48,710	\$877,103,880	\$21,884,381	\$(126,408,033)	\$(41,499,910)	\$-	\$731,103,880	
Issuance of common stock from at the market offerings, net	248,614	249	3,945,817	-	-	-	-	3,946,070	
Issuance of common stock from dividend reinvestment plan	253	-	3,962	-	-	-	-	3,962	
Repurchase of Series A preferred interests	-	-	-	-	1,675,000	-	-	1,675,000	
Net investment income	-	-	-	50,209,816	-	-	-	50,209,816	
Realized and unrealized gains (losses)	-	-	-	-	(9,429,516)	7,650,079	-	(1,779,447)	
Dividends on Series A preferred equity facility	-	-	-	(691,846)	-	-	-	(691,846)	
General Partner incentive allocation	-	-	-	(9,903,596)	-	-	-	(9,903,596)	
Regular dividends paid to common shareholders	-	-	-	(35,161,196)	-	-	-	(35,161,196)	
Balance at June 30, 2015	48,959,494	\$48,959	\$881,053,660	\$26,337,559	\$(134,162,549)	\$(33,849,831)	\$-	\$739,400,000	

See accompanying notes.

TCP Capital Corp.

Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended June 30,	
	2015	2014
Operating activities		
Net increase in net assets applicable to common shareholders resulting from operations	\$39,509,937	\$30,135,396
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	9,429,516	5,861,600
Net change in unrealized appreciation/depreciation of investments	(7,949,579)	(8,028,604)
Gain on repurchase of Series A preferred interests	(1,675,000)	-
Dividends paid on Series A preferred equity facility	791,095	725,812
Net change in accumulated dividends on Series A preferred equity facility	(99,249)	(10,112)
Net change in reserve for incentive allocation	-	433,616
Accretion of original issue discount on investments	(5,416,417)	(1,851,211)
Net accretion of market discount/premium	(59,710)	(937,125)
Accretion of original issue discount on convertible debt	203,815	16,382
Interest and dividend income paid in kind	(2,625,770)	(2,711,682)
Amortization of deferred debt issuance costs	1,074,535	802,148
Changes in assets and liabilities:		
Purchases of investment securities	(300,144,258)	(276,270,400)
Proceeds from sales, maturities and pay downs of investments	240,177,662	155,421,221
Decrease (increase) in accrued interest income - companies less than 5% owned	304,371	(1,931,388)
Decrease (increase) in accrued interest income - companies 5% to 25% owned	(290,111)	42,661
Decrease (increase) in accrued interest income - companies more than 25% owned	(308,808)	6,434
Decrease (increase) in receivable for investments sold	1,330,016	(13,790,910)
Increase in prepaid expenses and other assets	(452,084)	(431,735)
Increase (decrease) in payable for investments purchased	10,464,041	(6,145,311)
Increase in payable to the Investment Manager	448,520	629,627
Increase in interest payable	563,877	451,851
Increase in incentive allocation payable	1,080,845	294,930
Decrease in accrued expenses and other liabilities	(447,059)	(537,590)
Net cash used in operating activities	(14,089,815)	(117,824,390)
Financing activities		
Borrowings	191,000,000	344,000,000
Repayments of debt	(103,000,000)	(186,000,000)
Repurchase of Series A preferred interests	(31,825,000)	-
Payments of debt issuance costs	(645,500)	(5,184,185)
Dividends paid on Series A preferred equity facility	(791,095)	(725,812)

Edgar Filing: TCP Capital Corp. - Form 10-Q

Regular dividends paid to common shareholders	(35,161,196)	(27,873,978)
Proceeds from shares issued in connection with dividend reinvestment plan	3,962	3,715
Proceeds from common shares sold, net of underwriting and offering costs	3,946,066	-
Net cash provided by financing activities	23,527,237	124,219,740
Net increase in cash and cash equivalents	9,437,422	6,395,350
Cash and cash equivalents at beginning of period	27,268,792	22,984,182
Cash and cash equivalents at end of period	\$36,706,214	\$29,379,532
Supplemental cash flow information		
Interest payments	\$5,973,969	\$1,008,379
Excise tax payments	877,879	-

See accompanying notes.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2015

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.

The Company was formed through the conversion on April 2, 2012 of the Company’s predecessor, Special Value Continuation Fund, LLC, from a limited liability company to a corporation in a non-taxable transaction, leaving the Company as the surviving entity. On April 3, 2012, the Company completed its initial public offering.

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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

1. Organization and Nature of Operations (continued)

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 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 Company is an investment company following accounting and reporting guidance in Accounting Standards Codification ("ASC") Topic 946, *Financial Services – Investment Companies*. The following is a summary of the significant accounting policies of the Company and the Partnership.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. 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 in accordance with GAAP, 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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

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 a 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, 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, merger and acquisition comparables, the principal market in which the investment trades and enterprise values, among other factors.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

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 June 30, 2015, 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	\$-	\$ -	\$-
2	Other observable market inputs *	120,132,164	46,116,038	-
3	Independent third-party pricing sources that employ significant unobservable inputs	908,884,909	96,136,194	38,634,245
3	Investment Manager valuations with significant unobservable inputs	(383,918)) [†] -	2,455,417
Total		\$1,028,633,155	\$ 142,252,232	\$41,089,662

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

[†]Negative balance relates to an unfunded commitment that was acquired and valued at a discount.

Unobservable inputs used in the fair value measurement of Level 3 investments as of June 30, 2015 included the following:

Edgar Filing: TCP Capital Corp. - Form 10-Q

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	\$689,393,463	Market rate approach	Market yields	3.9% - 23.2% (12.2%)
	175,752,846	Market quotations	Indicative bid/ask quotes	1 - 5 (1)
	22,387,941	Market comparable companies	Revenue multiples	0.4x - 2.3x (1.0x)
	20,966,741	Market comparable companies	EBITDA multiples	3.8x - 11.0x (7.6x)
Other Corporate Debt	4,889,204	Market rate approach	Market yields	13.5% (13.5%)
	81,978,990	Market quotations	Indicative bid/ask quotes	1 - 3 (1)
	9,268,000	Market comparable companies	EBITDA multiples	8.3x (8.3x)
Equity	7,536,168	Market rate approach	Market yields	5.9% - 18.0% (7.6%)
	10,956,722	Market quotations	Indicative bid/ask quotes	1 - 2 (1)
	1,381,080	Market comparable companies	Revenue multiples	0.4x - 1.1x (1.1x)
	21,215,692	Market comparable companies	EBITDA multiples	4.8x - 11.0x (6.8x)
	\$1,045,726,847			

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

Input	Impact to Value if	Impact to Value if
	Input Increases	Input Decreases
Market yields	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

Changes in investments categorized as Level 3 during the six months ended June 30, 2015 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$840,538,179	\$ 56,621,975	\$30,618,142
Net realized and unrealized gains (losses)	(11,447,928)	2,183,152	7,339,334
Acquisitions	294,222,415	300,149	2,515,654
Dispositions	(192,014,582)	(2,516,390)	(1,838,885)
Transfers out of Level 3 ‡	(36,143,175)	(16,311,095)	-
Transfers into Level 3 §	13,730,000	51,247,225	-
Reclassifications within Level 3 **	-	4,611,178	-
Ending balance	\$908,884,909	\$ 96,136,194	\$38,634,245
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)	\$(11,177,480)	\$ (2,126,954)	\$ 7,339,334

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

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

** Comprised of one investment that reclassified from Investment Manager Valuation.

	Investment Manager Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$-	\$ 4,611,178	\$2,324,629
Net realized and unrealized gains (losses)	(18,860)	-	130,788
Acquisitions	652,380	-	-

Edgar Filing: TCP Capital Corp. - Form 10-Q

Dispositions	(1,017,438)	-	-
Reclassifications within Level 3 *	-	(4,611,178)	-
Ending balance	\$(383,918)	† \$ -	\$2,455,417

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)	\$(18,860)	\$ -	\$130,788
--	-------------	------	-----------

*Comprised of one investment that reclassified to Independent Third-Party Valuation.

† Negative balance relates to unfunded commitments that were acquired and valued at a discount.

There were no transfers between Level 1 and 2 during the six months ended June 30, 2015.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

At June 30, 2014, 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	\$-	\$-	\$232,804
2	Other observable market inputs *	154,433,236	75,980,765	-
3	Independent third-party pricing sources that employ significant unobservable inputs	580,830,991	50,098,573	26,851,302
3	Investment Manager valuations with significant unobservable inputs	(455,459) [†]	4,307,107	2,389,805
Total		\$734,808,768	\$130,386,445	\$29,473,911

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

[†] Negative balance relates to an unfunded commitment that was acquired and valued at a discount.

Changes in investments categorized as Level 3 during the six months ended June 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)	2,964,824	506,298	(3,124,422)
Acquisitions	223,669,965	13,086,400	1,836,050
Dispositions	(83,626,914)	(14,077,239)	(7,927,072)

Edgar Filing: TCP Capital Corp. - Form 10-Q

Transfers out of Level 3 [‡]	(78,130,527)	(24,476,520)	-
Transfers into Level 3 [§]	-	21,725,000	-
Ending balance	\$580,830,991	\$ 50,098,573	\$26,851,302

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) \$3,581,470 \$ (144,520) \$(1,367,777)

[‡] Comprised of eight investments that transferred to Level 2 due to increased observable market activity.

[§] Comprised of two investment that transferred from Level 2 due to reduced trading volumes.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

	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	(141,655)	(529,274)	(64,313)
Acquisitions	125,396	4,303,962	230,939
Dispositions	(4,500,000)	(7,098,916)	(614,528)
Ending balance	\$(455,459)**	\$ 4,307,107	\$2,389,805
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)	\$(141,655)	\$ 141,626	\$(678,840)

** Negative balance relates to an unfunded commitment that was acquired and valued at a discount.

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

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 specific 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 generally 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.

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 Schedule of Investments.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

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 1.4% and 1.7% of total investments at June 30, 2015 and December 31, 2014, respectively. Such positions were converted at the respective closing foreign exchange rates in effect at June 30, 2015 and December 31, 2014 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 based on the foreign exchange rates in effect 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 Statements 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 six months ended June 30, 2015. At June 30, 2015, 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 six months ended June 30, 2015 were included in net realized and unrealized loss on investments in the Consolidated Statements of Operations as follows:

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

Instrument	Realized Gains (Losses)	Unrealized Gains (Losses)
Cross currency basis swap	\$ -	\$ 1,149,375
Interest rate cap	-	(467)

The Partnership did not enter into any new derivative transactions during the six months ended June 30, 2014. At June 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 six months ended June 30, 2014 were included in net realized and unrealized loss on investments in the Consolidated Statements of Operations as follows:

Instrument	Realized Gains (Losses)	Unrealized Gains (Losses)
Cross currency basis swaps	\$ -	\$ (12,284)
Interest rate cap	-	(122,321)

Valuations of derivatives held at June 30, 2015 and 2014 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 \$1.5 million were incurred during 2013 in connection with the extension of the Partnership's revolving credit facility (see Note 4). Costs of approximately \$1.6 million, \$1.8 million and \$0.5 million were

incurred during 2013, 2014 and 2015 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). Costs of approximately \$1.5 million and \$0.1 million were incurred during 2014 and 2015 in connection with placing TCPC SBIC's SBA debentures (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 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)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

Certain debt investments are purchased at a 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 assuming there are no questions as to collectability. 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 June 30, 2015, all tax years of the Company, the Partnership, TCPC Funding and the SBIC since January 1, 2011 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 June 30, 2015 and December 31, 2014 were as follows:

	June 30, 2015	December 31, 2014
Unrealized appreciation	\$39,982,317	\$ 32,342,656

Edgar Filing: TCP Capital Corp. - Form 10-Q

Unrealized depreciation	(73,313,860)	(73,638,935)
Net unrealized depreciation	(33,331,543)	(41,296,279)
Cost	\$1,248,173,607	\$ 1,189,550,272

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (the “FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*. Under this new guidance, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all entities and, for public entities, is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early application is permitted, but no earlier than annual periods beginning after December 15, 2016 and interim periods within that reporting period. The Company is currently evaluating the impact this ASU will have on its consolidated financial statements.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

2. Summary of Significant Accounting Policies (continued)

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs*, which generally requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. ASU 2015-03 is effective for annual periods beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. The Company does not expect adoption of this guidance to have a material impact on its consolidated financial statements.

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 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 June 30, 2015 and December 31, 2014, the General Partner's equity interest in the Partnership was comprised entirely of such reserve amount, if any, 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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

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 equity facility issued by the Partnership (the “Preferred Interests”). Total leverage outstanding and available at June 30, 2015 were as follows:

	Maturity	Rate	Carrying Value [†]	Available	Total Capacity
Partnership Facility	2016	L+2.50 % *	\$ 112,000,000	\$ 4,000,000	\$ 116,000,000
TCPC Funding Facility	2019	L+2.25 % *	165,000,000	135,000,000	300,000,000
Convertible Notes (\$108 million par)	2019	5.25 %	105,900,159	-	105,900,159
SBA Debentures	2024-2025	2.85 % **	34,000,000	41,000,000	75,000,000
Preferred Interests	2016	L+0.85 % *	100,500,000	-	100,500,000
Total leverage			\$ 517,400,159	\$ 180,000,000	\$ 697,400,159

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

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

** Weighted-average interest rate on pooled loans of \$28.0 million, excluding fees of 0.36%. As of June 30, 2015, the remaining \$6.0 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.59% plus fees of 0.36% through September 23, 2015, the date of the next SBA pooling.

Total leverage outstanding and available at December 31, 2014 were as follows:

Edgar Filing: TCP Capital Corp. - Form 10-Q

	Maturity	Rate	Carrying Value [†]	Available	Total Capacity
Partnership Facility	2016	L+2.50 % *	\$ 70,000,000	\$46,000,000	\$ 116,000,000
TCPC Funding Facility	2017	L+2.50 % *	125,000,000	125,000,000	250,000,000
Convertible Notes (\$108 million par)	2019	5.25 %	105,696,830	-	105,696,830
SBA Debentures	2024-2025	3.02 % **	28,000,000	47,000,000	75,000,000
Preferred Interests	2016	L+0.85 % *	134,000,000	-	134,000,000
Total leverage			\$ 462,696,830	\$ 218,000,000	\$ 680,696,830

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

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

** Interest rate on pooled loans of \$18.5 million, excluding fees of 0.36%. As of December 31, 2014, the remaining \$9.5 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.56% plus fees of 0.36% through March 25, 2015, the date of the next SBA pooling.

The combined weighted-average interest and dividend rates on total leverage outstanding at June 30, 2015 and December 31, 2014 were 2.93% and 2.86%, respectively.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

4. Leverage (continued)

Total expenses related to debt include:

	Six Months Ended June 30,	
	2015	2014
Interest expense	\$ 6,741,661	\$ 1,476,612
Amortization of deferred debt issuance costs	1,074,535	802,148
Commitment fees	604,443	407,062
Total	\$ 8,420,639	\$ 2,685,822

Amounts outstanding under the Revolving Facilities, the Convertible Notes and the SBA Debentures are carried at amortized cost in the Statements of Assets and Liabilities. As of June 30, 2015, the estimated fair values of the Partnership Facility, the TCPC Funding Facility and the SBA Debentures approximated their carrying values, and the Convertible Notes had an estimated fair value of \$110.0 million. The estimated fair values of the Revolving Facilities, the Convertible Notes and the SBA Debentures are determined by discounting projected remaining payments using market interest rates for borrowings of the Company and entities with similar credit risks at the measurement date. At June 30, 2015, the fair values of the Revolving Facilities, the Convertible Notes and the SBA Debentures as prepared for disclosure purposes 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 June 30, 2015, 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

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

4. Leverage (continued)

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 the excess amount in cash or shares of common stock (or a combination of cash and shares), 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 Statements of Assets and Liabilities. As a result, the Company will record interest expense comprised of both stated interest and accretion of the original issue discount. At the time of issuance, the equity component was \$2,515,594. As of June 30, 2015, 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	(2,099,841)
Carrying value of debt	\$ 105,900,159

For the six months ended June 30, 2015, the components of interest expense for the Convertible Notes were as follows:

Edgar Filing: TCP Capital Corp. - Form 10-Q

Stated interest expense	\$2,835,000
Accretion of original issue discount	203,328
Total interest expense	\$3,038,328

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 six months ended June 30, 2015.

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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

4. Leverage (continued)

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 June 30, 2015, the Partnership was in full compliance with such covenants.

SBA Debentures

As of June 30, 2015, 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 June 30 2015, the Partnership had committed \$75 million of regulatory capital to the SBIC, \$58.0 million of which had been funded. SBA Debentures are non-recourse and may be prepaid at any time without penalty. Once drawn, the SBIC debentures bear an interim interest rate of LIBOR plus 30 basis points. The rate then becomes fixed at the time of SBA pooling, which occurs twice each year, and is set to the then-current 10-year treasury rate plus a spread and an annual SBA charge.

SBA Debentures outstanding as of June 30, 2015 were as follows:

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

Edgar Filing: TCP Capital Corp. - Form 10-Q

March 25, 2015	March 1, 2025	9,500,000	2.517	%	0.355	%
		28,000,000	2.846	%*		
Non-pooled loans:						
June 19, 2015	September 23, 2015	6,000,000	0.585	%	0.355	%
Total SBA debentures		\$ 34,000,000				

* Weighted-average interest rate on pooled loans.

TCPC Funding Facility

The TCPC Funding Facility was issued on May 15, 2013. On March 6, 2015, the facility was expanded and the maturity date was extended. As of June 30 2015, the facility provides for amounts to be drawn up to \$300 million, subject to certain collateral and other restrictions. The TCPC Funding Facility matures on March 6, 2019, 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 \$350 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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

4. Leverage (continued)

As of June 30, 2015, borrowings under the TCPC Funding Facility bore interest at a rate of LIBOR plus 2.25% per annum. In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.50% per annum on the unused portion of the facility, or 0.75% per annum when the unused portion is greater than 33% of the total facility and an administrative fee of 0.25% per annum. 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 June 30, 2015, TCPC Funding was in full compliance with such covenants.

Preferred Interests

At June 30, 2015, the Preferred Interests were comprised of 5,025 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 interest holder'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 June 30, 2015, the Partnership was in full compliance with such requirements.

On June 30, 2015, the Partnership repurchased 1,675 of the previously outstanding 6,700 Preferred Interests at a price of \$31,825,000.

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 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.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk (continued)

The Consolidated Schedule of Investments includes certain revolving loan facilities and other commitments held by the Partnership with unfunded balances at June 30, 2015 and December 31, 2014 as follows:

Issuer	Maturity	Unfunded Balances	
		June 30, 2015	December 31, 2014
Acrisure, LLC	11/19/2022	\$3,000,235	\$ 4,482,352
Alpheus Communications, LLC	5/31/2018	1,072,256	749,919
AP Gaming I, LLC	12/20/2018	12,500,000	7,500,000
Asset International, Inc.	7/31/2020	1,180,921	3,753,551
Blue Coat Systems, Inc.	5/31/2018	-	12,000,000
Boomerang Tube, LLC	10/7/2015	468,518	-
Cargojet Airways LTD.	1/31/2023	43,371,917	-
Central MN Renewables, LLC	1/1/2016	2,100,000	-
Daymark Financial Acceptance, LLC	1/12/2020	20,000,000	-
Edmentum, Inc.	6/9/2020	1,263,220	-
Enerwise Global Technologies, Inc.	11/30/2017	7,500,000	7,500,000
Fidelis Acquisitionco, LLC	11/4/2019	3,182,143	-
MediMedia USA, Inc.	5/20/2018	5,657,500	3,875,000
Mesa Air Group, Inc.	7/15/2022	13,575,000	13,575,000
NEXTracker, Inc.	7/1/2016	13,928,800	15,000,000
Redaptive, Inc.	7/1/2018	15,000,000	-
RM OpCo, LLC (Real Mex)	3/30/2018	1,259,355	1,889,033
SoundCloud Limited	10/1/2018	18,028,571	-
SunEdison, Inc.	2/28/2017	9,379,246	9,379,246
Vistrionix, LLC	12/4/2018	342,597	570,996
VitAG Holdings, LLC	2/1/2018	4,300,000	4,300,000
Total Unfunded Balances		\$177,110,280	\$ 84,575,096

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

6. Related Party Transactions

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 June 30, 2015, 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 June 30, 2015, amounts reimbursable to the Investment Manager totaled \$908,347, as reflected in the Consolidated Statements 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 six months ended June 30, 2015 and 2014, expenses allocated pursuant to the Administration Agreements totaled \$745,612 and \$629,612, respectively.

On November 25, 2014, the Company and the Partnership obtained an exemptive order (the “Exemptive Order”) from the Securities and Exchange Commission permitting the Company and the Partnership to purchase certain investments from affiliated investment companies at fair value. The Exemptive Order exempts the Company and the Partnership from provisions of Sections 17(a) and 57(a) of the 1940 Act which would otherwise restrict such transfers. All such purchases are subject to the conditions set forth in the Exemptive Order, which among others include certain procedures to verify that each purchase is done at the current fair value of the respective investment. During the six months ended June 30, 2015, the Company purchased approximately \$94.5 million of investments from affiliates (as defined in the 1940 Act), which were classified as Level 2 in the GAAP valuation hierarchy at the time of the transfer and the selling party has no continuing involvement in the transferred assets. All of the transfers were consummated in accordance with the provisions of the Exemptive Order and were accounted for as a purchase in accordance with ASC 860, *Transfers and Servicing*.

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 six months ended June 30, 2015.

	Shares Issued	Price Per Share	Net Proceeds
At-the-market offerings	248,614	\$ 15.87	* \$ 3,946,066
Shares issued from dividend reinvestment plan	253	15.64	* 3,962

* Weighted-average price per share.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

7. Stockholders' Equity and Dividends (continued)

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, 2014.

	Shares Issued	Price Per Share	Net Proceeds
August 1, 2014 public offering	6,210,000	\$ 17.33	\$103,940,721
November 26, 2014 public offering	5,900,000	17.05	97,198,756
At-the-market offerings	400,225	16.04	* 6,420,426
Shares issued from dividend reinvestment plan	456	16.86	* 7,687

* Weighted-average price per share.

The Company's dividends are recorded on the ex-dividend date. The following table summarizes the Company's dividends declared for the six months ended June 30, 2015:

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
March 10, 2015	March 19, 2015	March 31, 2015	Regular	\$ 0.36	\$17,535,826
May 7, 2015	June 16, 2015	June 30, 2015	Regular	0.36	17,625,370
				\$ 0.72	\$35,161,196

The following table summarizes the Company's dividends declared for the six months ended June 30, 2014:

Edgar Filing: TCP Capital Corp. - Form 10-Q

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
March 6, 2014	March 17, 2014	March 31, 2014	Regular	\$ 0.36	\$ 13,031,970
May 7, 2014	June 18, 2014	June 30, 2014	Regular	0.36	13,032,007
May 7, 2014	June 18, 2014	June 30, 2014	Special	0.05	1,810,001
				\$ 0.77	\$ 27,873,978

On February 24, 2015, the Company's Board of Directors approved a stock repurchase plan (the "Company Repurchase Plan") to acquire up to \$50 million in the aggregate of the Company's common stock at prices at certain thresholds below the Company's net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. The Company Repurchase Plan is designed to allow the Company to repurchase its common stock at times when it otherwise might be prevented from doing so under insider trading laws. The Company Repurchase Plan requires an agent selected by the Company to repurchase shares of common stock on the Company's behalf if and when the market price per share is at certain thresholds below the most recently reported net asset value per share. Under the plan, the agent will increase the volume of purchases made if the price of the Company's common stock declines, subject to volume restrictions. The timing and amount of any stock repurchased depends on the terms and conditions of the Company Repurchase Plan, the market price of the common stock and trading volumes, and no assurance can be given that any particular amount of common stock will be repurchased. Unless extended or terminated by its board of directors, the Company expects that the Company Repurchase Plan will be in effect through the earlier of two trading days after the Company's second quarter 2015 earnings release or such time as the approved \$50 million repurchase amount has been fully utilized, subject to certain conditions. During the six months ended June 30, 2015, the Company did not repurchase any of its common stock under the Company Repurchase Plan.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

8. Earnings Per Share

In accordance with ASC 260, *Earnings per Share*, basic earnings per share is computed by dividing earnings available to common shareholders by the weighted average number of shares outstanding during the period. Other potentially dilutive common shares, if any, and the related impact to earnings, are considered when calculating earnings per share on a diluted basis. The following information sets forth the computation of the net increase in net assets per share resulting from operations for the six months ended June 30, 2015 and June 30, 2014:

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net increase in net assets applicable to common shareholders resulting from operations	\$ 39,509,937	\$ 30,135,396
Weighted average shares outstanding	48,807,788	36,199,969
Earnings per share	\$ 0.81	\$ 0.83

9. Subsequent Events

On July 13, 2015, the Company obtained exemptive relief from the SEC to permit the Company to exclude the debt of TCPC SBIC LP guaranteed by the SBA from its 200% asset coverage test under the 1940 Act. The exemptive relief provides the Company with increased flexibility under the 200% asset coverage test by permitting the SBIC to borrow up to \$150 million more than it would otherwise be able to absent the receipt of this exemptive relief.

On August 4, 2015, the Company increased the aggregate principal commitment on the TCPC Funding Facility to \$350 million and expanded the accordion feature to \$400 million.

On August 6, 2015, the Company's board of directors declared a third quarter regular dividend of \$0.36 per share payable on September 30, 2015 to stockholders of record as of the close of business on September 16, 2015.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

10. Financial Highlights

	Six Months Ended June 30,			
	2015		2014	
Per Common Share				
Per share NAV at beginning of period ⁽¹⁾	\$ 15.01		\$ 15.18	
Investment operations:				
Net investment income	1.03		1.00	
Net realized and unrealized gain	(0.03)	0.06	
Dividends on Series A preferred equity facility	(0.02)	(0.02)
Incentive allocation reserve and distributions	(0.20)	(0.21)
Total from investment operations	0.78		0.83	
Issuance of convertible debt	-		0.07	
Repurchase of Series A preferred interests	0.03		-	
Distributions to common shareholders from:				
Net investment income	(0.72)	(0.77)
Per share NAV at end of period	\$ 15.10		\$ 15.31	
Per share market price at end of period	\$ 15.29		\$ 18.21	
Total return based on market value ^{(1), (2)}	(4.6)%	13.1	%
Total return based on net asset value ^{(1), (3)}	5.4	%	5.9	%
Shares outstanding at end of period	48,959,494		36,200,130	

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

June 30, 2015

10. Financial Highlights (continued)

	<i>Six Months Ended June 30,</i>			
	<i>2015</i>		<i>2014</i>	
Ratios to average common equity: ^{(4), (5)}				
Net investment income ⁽⁶⁾	12.4	%	11.8	%
Expenses	5.9	%	4.0	%
Expenses and incentive allocation ⁽⁷⁾	7.2	%	5.3	%
Ending common shareholder equity	\$739,427,798		\$554,391,982	
Portfolio turnover rate	20.1	%	19.1	%
Weighted-average leverage outstanding ⁽⁸⁾	\$503,388,675		\$270,015,368	
Weighted-average interest rate on leverage ⁽⁹⁾	3.0	%	1.6	%
Weighted-average number of common shares	48,807,788		36,199,969	
Average leverage per share ⁽⁸⁾	\$10.31		\$7.46	

⁽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.

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.

⁽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.

(8) Includes both debt and preferred leverage.

(9) Includes dividends on the preferred leverage facility.

TCP Capital Corp.

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

Six Months Ended June 30, 2015

Security	Dividends or Interest (2)	Fair Value at December 31, 2014	Acquisition (3)
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$293,798	\$4,869,577	\$-
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16	509,740	9,017,764	250,236
Anacomp, Inc., Class A Common Stock	-	916,535	464,544
Edmentum Ultimate Holdings, LLC, Junior PIK Notes, 10%, due 6/9/20	-	-	11,337,0
Edmentum Ultimate Holdings, LLC, Senior PIK Notes, 8.5%, due 6/9/20	-	-	2,526,43
Edmentum, Inc., Junior Revolving Facility, 5%, due 6/9/20	-	-	2,105,36
Edmentum Ultimate Holdings, LLC, Class A Common Units	-	-	680,218
EPMC HoldCo, LLC, Membership Units	-	682,614	-
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	661,770	14,656,950	120,103
KAGY Holding Company, Inc., Series A Preferred Stock	-	121,975	223,282
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	79,105	1,659,003	-
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	87,170	1,899,950	-
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	7,309	209,168	-
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18	11,755	320,440	-
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	16,300	437,679	315
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	17,219	460,258	539
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	17,111	457,902	479
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	17,370	464,283	544
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	17,627	470,601	612
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	18,539	493,258	831
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	18,184	484,908	694
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	14,404	314,588	-
N913DL Equipment Trust Beneficial Interests	11,816	117,497	44,549
N918DL Equipment Trust Beneficial Interests	9,735	135,890	40,631
N954DL Equipment Trust Beneficial Interests	9,681	72,604	56,339
N955DL Equipment Trust Beneficial Interests	9,114	111,010	51,746
N956DL Equipment Trust Beneficial Interests	9,185	106,800	52,765
N957DL Equipment Trust Beneficial Interests	9,042	107,682	52,525
N959DL Equipment Trust Beneficial Interests	8,901	108,579	52,294
N960DL Equipment Trust Beneficial Interests	8,421	107,865	52,341

Edgar Filing: TCP Capital Corp. - Form 10-Q

N961DL Equipment Trust Beneficial Interests	8,627	102,826	53,559
N976DL Equipment Trust Beneficial Interests	9,482	102,006	50,626
RM Holdco, LLC, Equity Participation	-	792	-
RM Holdco, LLC, Membership Units	-	-	-
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	136,519	3,900,025	9,370
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	357,294	6,457,325	356,692
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	118,652	2,567,717	121,985
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	81,857	1,636,314	81,737
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	51,665	631,164	676,698
United N659UA-767, LLC (N659UA)	265,140	3,177,822	615,478
United N661UA-767, LLC (N661UA)	263,896	3,078,923	596,888
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	-	4,175,000	1,050,000

Notes to Consolidated 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) Also includes fee and lease income as applicable.
- (3) Acquisitions include new purchases, PIK income and net unrealized appreciation.
- (4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

TCP Capital Corp.

Consolidated Schedule of Changes in Investments in Affiliates ⁽¹⁾

Year Ended December 31, 2014

Security	Dividends or Interest ⁽²⁾	Fair Value at January 1, 2014	Acquisition
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$327,716	\$2,056,927	\$2,812,000
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16	1,019,480	9,268,000	-
Anacomp, Inc., Class A Common Stock	-	1,004,422	-
EPMC HoldCo, LLC, Membership Units	-	1,562,137	969,960
ESP Holdings, Inc., Cumulative Preferred 15%	1,968,748	3,947,862	239,170
ESP Holdings, Inc., Common Stock	289,315	2,856,346	6,981,000
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19	205,175	7,959,369	-
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	1,344,702	15,097,500	1,500,000
KAGY Holding Company, Inc., Series A Preferred Stock	-	662,134	-
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16	52,092	404,605	-
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16	53,275	414,010	-
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14	4,678	114,000	-
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15	25,964	275,405	-
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16	27,571	486,115	-
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	262,962	2,948,986	-
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	274,461	3,171,026	-
N510UA Equipment Trust Beneficial Interests	86,342	465,625	285,800
N512UA Equipment Trust Beneficial Interests	85,549	458,277	281,990
N536UA Equipment Trust Beneficial Interests	40,259	656,766	80,397
N545UA Equipment Trust Beneficial Interests	107,483	641,840	163,930
N585UA Equipment Trust Beneficial Interests	31,098	571,706	322,120
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	19,714	296,820	-
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18	28,023	397,290	-
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	37,801	524,620	-
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	39,443	543,320	-
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	39,309	542,640	-
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	39,787	548,250	-
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	40,262	553,520	-
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	42,013	574,430	-
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	41,423	568,310	-
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	28,046	404,600	-

Edgar Filing: TCP Capital Corp. - Form 10-Q

N913DL Equipment Trust Beneficial Interests	18,477	125,970	85,559
N918DL Equipment Trust Beneficial Interests	14,907	142,970	82,257
N954DL Equipment Trust Beneficial Interests	14,119	68,000	112,35
N955DL Equipment Trust Beneficial Interests	13,186	113,560	103,88
N956DL Equipment Trust Beneficial Interests	13,244	108,800	105,90
N957DL Equipment Trust Beneficial Interests	12,996	109,650	105,48
N959DL Equipment Trust Beneficial Interests	12,756	110,500	105,09
N960DL Equipment Trust Beneficial Interests	11,868	109,650	104,89
N961DL Equipment Trust Beneficial Interests	12,161	103,870	107,50
N976DL Equipment Trust Beneficial Interests	13,666	103,033	101,53
RM Holdco, LLC, Equity Participation	-	-	792
RM Holdco, LLC, Membership Units	-	-	-
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18	58,663	2,197,621	3,026,
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	400,651	3,626,947	465,19
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	1,349,228	6,825,328	1,327,
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	444,445	2,150,088	437,14
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	279,505	1,370,199	274,82
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	6,107	-	631,16
United N659UA-767, LLC (N659UA)	443,575	2,840,323	1,126,
United N661UA-767, LLC (N661UA)	436,533	2,852,677	1,092,
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	-	5,000,000	-

Notes to Consolidated 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) Also includes fee and lease income as applicable.

(3) Acquisitions include new purchases, PIK income and net unrealized appreciation.

(4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

TCP Capital Corp.

Consolidated Schedule of Restricted Securities of Unaffiliated Issuers (Unaudited)

June 30, 2015

Investment	Acquisition Date
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 (144A)	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc. (One Sky), Warrants to Purchase Common Stock	12/4/13
Fuse Media, LLC, Warrants to Purchase Common Stock	8/3/12
Fuse, LLC, Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
Green Biologics, Inc., Warrants to Purchase Stock	12/22/14
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
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Series C Preferred Stock	6/12/15
NEXTracker, Inc., Warrants to purchase Stock	12/17/14
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd, Warrants	8/6/14
Shop Holding, LLC (Connexity), Class A Units	6/2/11
Shop Holding, LLC (Connexity), Warrants to Purchase Class A Units	6/2/11
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
SoundCloud, Ltd., Warrants to Purchase Preferred Stock	4/30/2015
STG-Fairway Holdings, LLC (First Advantage), 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. (Vivacom), Common Shares	11/9/12

TCP Capital Corp.

Consolidated Schedule of Restricted Securities of Unaffiliated Issuers

December 31, 2014

Investment	Acquisition Date
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
Green Biologics, Inc., Warrants to purchase Stock	12/22/14
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
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Warrants to purchase Stock	12/17/14
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

TCP Capital Corp.

Consolidating Statement of Assets and Liabilities (Unaudited)

June 30, 2015

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Assets				
Investments:				
Companies less than 5% owned	\$-	\$1,131,417,557	\$-	\$1,131,417,557
Companies 5% to 25% owned	-	65,722,069	-	65,722,069
Companies more than 25% owned	-	14,835,423	-	14,835,423
Investment in subsidiary	843,182,181	-	(843,182,181)	-
Total investments	843,182,181	1,211,975,049	(843,182,181)	1,211,975,049
Cash and cash equivalents	-	36,706,214	-	36,706,214
Deferred debt issuance costs	2,718,406	4,553,547	-	7,271,953
Receivable for investment securities sold	-	9,631,353	-	9,631,353
Accrued interest income	-	9,798,986	-	9,798,986
Unrealized appreciation on swaps	-	2,866,985	-	2,866,985
Options (cost \$51,750)	-	30	-	30
Prepaid expenses and other assets	510,114	2,119,187	-	2,629,301
Total assets	846,410,701	1,277,651,351	(843,182,181)	1,280,879,871
Liabilities				
Debt	105,900,159	311,000,000	-	416,900,159
Payable for investment securities purchased	-	12,513,559	-	12,513,559
Incentive allocation payable	-	5,383,885	-	5,383,885
Interest payable	247,916	1,826,942	-	2,074,858
Payable to the Investment Manager	313,224	595,123	-	908,347
Accrued expenses and other liabilities	521,604	2,251,120	-	2,772,724
Total liabilities	106,982,903	333,570,629	-	440,553,532
Preferred equity facility				
Series A preferred limited partner interests	-	100,500,000	-	100,500,000
Accumulated dividends on Series A preferred equity facility	-	398,541	-	398,541
Total preferred limited partner interests	-	100,898,541	-	100,898,541

Non-controlling interest

General Partner interest in Special Value
Continuation Partners, LP

- - - -

Net assets

\$739,427,798 \$843,182,181 \$(843,182,181) \$739,427,798

Composition of net assets

Common stock	\$48,959	\$-	\$-	\$48,959
Additional paid-in capital	881,053,660	982,677,954	(982,677,954)	881,053,660
Accumulated deficit	(141,674,821)	(139,495,773)	139,495,773	(141,674,821)
Net assets	\$739,427,798	\$843,182,181	\$(843,182,181)	\$739,427,798

TCP Capital Corp.

Consolidating Statement of Assets and Liabilities

December 31, 2014

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Assets				
Investments:				
Companies less than 5% owned	\$-	\$1,081,901,384	\$-	\$1,081,901,384
Companies 5% to 25% owned	-	48,716,425	-	48,716,425
Companies more than 25% owned	-	15,918,077	-	15,918,077
Investment in subsidiary	833,816,090	-	(833,816,090)	-
Total investments	833,816,090	1,146,535,886	(833,816,090)	1,146,535,886
Cash and cash equivalents	-	27,268,792	-	27,268,792
Receivable for investment securities sold	-	10,961,369	-	10,961,369
Accrued interest income	-	9,504,438	-	9,504,438
Deferred debt issuance costs	3,058,913	4,642,075	-	7,700,988
Unrealized appreciation on swaps	-	1,717,610	-	1,717,610
Options (cost \$51,750)	-	497	-	497
Receivable from subsidiary	1,031,498	-	(1,031,498)	-
Prepaid expenses and other assets	176,692	2,000,525	-	2,177,217
Total assets	838,083,193	1,202,631,192	(834,847,588)	1,205,866,797
Liabilities				
Debt	105,696,830	223,000,000	-	328,696,830
Incentive allocation payable	-	4,303,040	-	4,303,040
Payable for investment securities purchased	-	2,049,518	-	2,049,518
Interest payable	247,917	1,263,064	-	1,510,981
Payable to the Investment Manager	130,967	328,860	-	459,827
Payable to parent	-	1,031,498	(1,031,498)	-
Accrued expenses and other liabilities	878,451	2,341,332	-	3,219,783
Total liabilities	106,954,165	234,317,312	(1,031,498)	340,239,979
Preferred equity facility				
Series A preferred limited partner interests	-	134,000,000	-	134,000,000
Accumulated dividends on Series A preferred equity facility	-	497,790	-	497,790

Edgar Filing: TCP Capital Corp. - Form 10-Q

Total preferred limited partner interests	-	134,497,790	-	134,497,790
---	---	-------------	---	-------------

Non-controlling interest

General Partner interest in Special Value Continuation Partners, LP	-	-	-	-
---	---	---	---	---

Net assets	\$731,129,028	\$833,816,090	\$(833,816,090)	\$731,129,028
-------------------	----------------------	----------------------	------------------------	----------------------

Composition of net assets

Common stock	\$48,710	\$-	\$-	\$48,710
Additional paid-in capital	877,103,880	978,731,888	(978,731,888)	877,103,880
Accumulated deficit	(146,023,562)	(144,915,798)	144,915,798	(146,023,562)
Net assets	\$731,129,028	\$833,816,090	\$(833,816,090)	\$731,129,028

TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)

Six Months Ended June 30, 2015

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Investment income				
Interest income:				
Companies less than 5% owned	\$ -	\$ 66,410,364	\$ -	\$ 66,410,364
Companies 5% to 25% owned	-	2,311,666	-	2,311,666
Companies more than 25% owned	-	319,094	-	319,094
Lease income:				
Companies more than 25% owned	-	623,042	-	623,042
Other income:				
Companies less than 5% owned	-	2,089,007	-	2,089,007
Total interest and related investment income	-	71,753,173	-	71,753,173
Operating expenses				
Management and advisory fees	-	8,977,412	-	8,977,412
Interest expense	3,038,328	3,703,333	-	6,741,661
Amortization of deferred debt issuance costs	340,506	734,029	-	1,074,535
Legal fees, professional fees and due diligence expenses	1,039,823	528,952	-	1,568,775
Administration expenses	-	782,437	-	782,437
Commitment fees	-	604,443	-	604,443
Insurance expense	57,606	115,195	-	172,801
Director fees	54,080	111,760	-	165,840
Custody fees	1,750	137,500	-	139,250
Other operating expenses	490,449	825,754	-	1,316,203
Total expenses	5,022,543	16,520,814	-	21,543,357
Net investment income (loss)	(5,022,543)	55,232,359	-	50,209,816
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				
Investments in companies less than 5% owned	-	(9,449,473)	-	(9,449,473)
Investments in companies 5% to 25% owned	-	790	-	790

Edgar Filing: TCP Capital Corp. - Form 10-Q

Investments in companies more than 5% owned	-	19,167	-	19,167
Net realized loss	-	(9,429,516)	-	(9,429,516)
Net change in unrealized appreciation/depreciation	-	7,650,079	-	7,650,079
Net realized and unrealized loss	-	(1,779,437)	-	(1,779,437)
Interest in earnings of subsidiary	44,532,480	-	(44,532,480)	-
Gain on repurchase of Series A preferred interests	-	1,675,000	-	1,675,000
Dividends paid on Series A preferred equity facility	-	(791,095)	-	(791,095)
Net change in accumulated dividends on Series A preferred equity facility	-	99,249	-	99,249
Distributions of incentive allocation to the General Partner from net investment income	-	-	(9,903,596)	(9,903,596)
Net increase in net assets resulting from operations	\$ 39,509,937	\$ 54,436,076	\$(54,436,076)	\$ 39,509,937

TCP Capital Corp.

Consolidating Statement of Operations (Unaudited)

Six Months Ended June 30, 2014

	TCP Capital Corp. Standalone	Special Value Continuation Partners, LP Consolidated	Eliminations	TCP Capital Corp. Consolidated
Investment income				
Interest income:				
Companies less than 5% owned	\$ -	\$ 40,474,125	\$ -	\$ 40,474,125
Companies 5% to 25% owned	-	2,694,179	-	2,694,179
Companies more than 25% owned	-	492,462	-	492,462
Dividend income:				
Companies 5% to 25% owned	-	1,968,748	-	1,968,748
Other income:				
Companies less than 5% owned	-	954,316	-	954,316
Companies 5% to 25% owned	-	208,543	-	208,543
Companies more than 25% owned	-	463,572	-	463,572
Total interest and related investment income	-	47,255,945	-	47,255,945
Operating expenses				
Management and advisory fees	-	5,991,080	-	5,991,080
Interest expense	251,319	1,225,293	-	1,476,612
Amortization of deferred debt issuance costs	25,866	776,282	-	802,148
Administration expenses	-	636,275	-	636,275
Legal fees, professional fees and due diligence expenses	184,807	374,586	-	559,393
Commitment fees	-	407,062	-	407,062
Director fees	55,023	112,359	-	167,382
Insurance expense	39,552	79,276	-	118,828
Custody fees	1,750	109,906	-	111,656
Other operating expenses	576,081	192,563	-	768,644
Total expenses	1,134,398	9,904,682	-	11,039,080
Net investment income (loss)	(1,134,398)	37,351,263	-	36,216,865
Net realized and unrealized gain (loss) on investments and foreign currency				
Net realized gain (loss):				

Edgar Filing: TCP Capital Corp. - Form 10-Q

Investments in companies less than 5% owned	-	(6,670,011)	-	(6,670,011)
Investments in companies 5% to 25% owned	-	808,411	-	808,411
Net realized loss	-	(5,861,600)	-	(5,861,600)
Net change in unrealized appreciation/depreciation	-	8,029,680	-	8,029,680
Net realized and unrealized gain	-	2,168,080	-	2,168,080
Interest in earnings of subsidiary	31,269,794	-	(31,269,794)	-
Dividends paid on Series A preferred equity facility	-	(725,812)	-	(725,812)
Net change in accumulated dividends on Series A preferred equity facility	-	10,112	-	10,112
Distributions of incentive allocation to the General Partner from net investment income	-	-	(7,100,233)	(7,100,233)
Net change in reserve for incentive allocation	-	-	(433,616)	(433,616)
Net increase in net assets resulting from operations	\$ 30,135,396	\$ 38,803,643	\$(38,803,643)	\$ 30,135,396

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information contained in this section should be read in conjunction with our unaudited consolidated financial statements and related notes thereto appearing elsewhere in this quarterly report on Form 10-Q. Some of the statements in this report (including in the following discussion) constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which relate to future events or the future performance or financial condition of TCP Capital Corp. (the "Holding Company," "we," "us," or "our"). The forward-looking statements contained in this report involve a number of risks and uncertainties, including statements concerning:

- our, or our portfolio companies', future business, operations, operating results or prospects;
- the return or impact of current and future investments;
- the impact of a protracted decline in the liquidity of credit markets on our business;
- the impact of fluctuations in interest rates on our business;
- the impact of changes in laws or regulations governing our operations or the operations of our portfolio companies;
- our contractual arrangements and relationships with third parties;
- the general economy and its impact on the industries in which we invest;
- the financial condition of and ability of our current and prospective portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our financing resources and working capital;
- the ability of our investment adviser to locate suitable investments for us and to monitor and administer our investments;

- the timing of cash flows, if any, from the operations of our portfolio companies;
- the timing, form and amount of any dividend distributions; and

• our ability to maintain our qualification as a regulated investment company and as a business development company.

We use words such as “anticipate,” “believe,” “expect,” “intend,” “will,” “should,” “could,” “may,” “plan” and similar words to identify forward-looking statements. The forward looking statements contained in this annual report involve risks and uncertainties. Our actual results could differ materially from those implied or expressed in the forward-looking statements for any reason, including the factors set forth as “Risk Factors” in this report.

We have based the forward-looking statements included in this report on information available to us on the date of this report, and we assume no obligation to update any such forward-looking statements. Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, you are advised to consult any additional disclosures that we may make directly to you or through reports that we have filed or in the future may file with the SEC, including annual reports on Form 10-K, registration statements on Form N-2, quarterly reports on Form 10-Q and current reports on Form 8-K.

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.

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. 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”), \$300 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 \$100.5 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”).

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 June 30, 2015, 85.0% 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, capital gains on the disposition of investments, and certain lease, fee, and other income. 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, 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;
- 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. According to the terms of such agreements, no incentive compensation was incurred prior to January 1, 2013. Beginning January 1, 2013, the incentive compensation equals 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 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 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 approved 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 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 June 30, 2015, none of our investments were categorized as Level 1, 13.7% were categorized as Level 2, 86.1% were Level 3 investments valued based on valuations by independent third party sources, and 0.2% 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 and back-end 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 June 30, 2015, we invested approximately \$196.0 million, comprised of new investments in 7 new and 11 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 99.6% were in senior secured debt, comprised of senior loans (\$165.6 million, or 84.5% of total acquisitions) and senior secured notes (\$29.6 million, or 15.1% of total acquisitions). The remaining \$0.8 million (0.4% of total acquisitions) were equity investments. Additionally, we received approximately \$189.7 million in proceeds from sales or repayments of investments during the three months ended June 30, 2015.

During the six months ended June 30, 2015 we invested approximately \$302.8 million, comprised of new investments in 9 new and 18 existing portfolio companies, as well as draws made on existing commitments and PIK received on prior investments. Of these investments, 99.7% were in senior secured debt, comprised of senior loans (\$262.6 million, or 86.7% of total acquisitions) and senior secured notes (\$39.4 million, or 13.0% of total acquisitions). The remaining \$0.8 million (0.3% of total acquisitions) were equity investments. Additionally, we received approximately \$240.2 million in proceeds from sales or repayments of investments during the six months ended June 30, 2015.

At June 30, 2015, our investment portfolio of \$1,212.0 million (at fair value) consisted of 87 portfolio companies and was invested 97% in debt investments, of which 100% 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 \$13.9 million. Our largest portfolio company investment by value was approximately \$41.6 million and our five largest portfolio company investments by value comprised approximately 16% of our portfolio at June 30, 2015. At December 31, 2014, our investment portfolio of \$1,146.5 million (at fair value) consisted of 84 portfolio companies and was invested 97% in debt investments, of which 100% was in senior secured debt. In aggregate, our investment portfolio was invested 82% in senior secured loans, 15% in senior secured notes, and 3% in equity investments. Our average portfolio company investment at fair value was approximately \$13.6 million. Our largest portfolio company investment by value was approximately \$41.8 million and our five largest portfolio company investments by value comprised approximately 14% of our portfolio at December 31, 2014.

The industry composition of our portfolio at fair value at June 30, 2015 was as follows:

Industry	Percent of Total Investments	
Software Publishers	13.5	%
Computer Systems Design and Related Services	5.5	%
Scientific Research and Development Services	5.1	%
Basic Chemical Manufacturing	4.7	%
Business Support Services	4.2	%
Nondepository Credit Intermediation	3.5	%
Radio and Television Broadcasting	3.4	%
Wireless Telecommunications	3.3	%
Nonscheduled Air Transportation	3.0	%
Textile Furnishings Mills	2.8	%
Data Processing, Hosting, and Related Services	2.7	%
Grocery Stores	2.6	%
Wired Telecommunications Carriers	2.6	%
Computer Equipment Manufacturing	2.5	%
Scheduled Air Transportation	2.5	%
Insurance Carriers	2.2	%
Utility System Construction	2.1	%
Management, Scientific, and Technical Consulting Services	2.0	%
Oil and Gas Extraction	2.0	%
Activities Related to Real Estate	1.8	%
General Medical and Surgical Hospitals	1.8	%
Semiconductor and Other Electronic Component Manufacturing	1.7	%
Chemical Manufacturing	1.6	%
Communications Equipment Manufacturing	1.6	%
Lessors of Nonfinancial Intangible Assets	1.6	%
Other Information Services	1.6	%
Retail	1.4	%
Accounting, Tax Preparation, Bookkeeping, and Payroll Services	1.3	%
Specialty Hospitals	1.3	%
Artificial Synthetic Fibers and Filaments Manufacturing	1.2	%
Full-Service Restaurants	1.2	%
Structured Note Funds	1.2	%
Advertising, Public Relations, and Related Services	1.1	%
Electrical Equipment and Component Manufacturing	1.1	%
Other Telecommunications	1.1	%
Other	7.2	%
Total	100.0	%

The weighted average effective yield of the debt securities in our portfolio was 10.9% at June 30, 2015 and 10.9% at December 31, 2014. At June 30, 2015, 77.5% of our debt investments bore interest based on floating rates, such as LIBOR, EURIBOR, the Federal Funds Rate or the Prime Rate, and 22.5% bore interest at fixed rates. The percentage

of our floating rate debt investments that bore interest based on an interest rate floor was 80.1% at June 30, 2015. At December 31, 2014, 78.3% of our debt investments bore interest based on floating rates, and 21.7% bore interest at fixed rates. The percentage of our floating rate debt investments that bore interest based on an interest rate floor was 83.1% at December 31, 2014.

Results of operations

Investment income

Investment income totaled \$38.9 million and \$24.6 million, respectively, for the three months ended June 30, 2015 and 2014, of which \$37.5 million and \$24.0 million were attributable to interest on our debt investments, \$0.3 million and \$0.3 million to lease income, and \$1.1 million and \$0.3 million to other income, respectively. The increase in investment income in the three months ended June 30, 2015 compared to the three months ended June 30, 2014 reflects an increase in interest income due to the larger investment portfolio in the three months ended June 30, 2015 compared to the three months ended June 30, 2014 and an increase in other income.

Investment income totaled \$71.8 million and \$47.3 million, respectively, for the six months ended June 30, 2015 and 2014, of which \$69.1 million and \$43.7 million were attributable to interest on our debt investments, \$0.0 million and \$2.0 million to dividends from equity securities, \$0.6 million and \$0.7 million to lease income and \$2.1 million and \$0.9 million to other income, respectively. The increase in investment income in the six months ended June 30, 2015 compared to the six months ended June 30, 2014 reflects an increase in interest income due to the larger investment portfolio in the six months ended June 30, 2015 compared to the six months ended June 30, 2014 and an increase in other income, partially offset by a decrease in dividend income.

Expenses

Total operating expenses for the three months ended June 30, 2015 and 2014 were \$11.7 million and \$6.2 million respectively, comprised primarily of \$4.6 million and \$3.1 million in base management fees, \$3.8 million and \$1.2 million in interest expense on our outstanding debt and fees related to the Revolving Facilities, \$0.5 million and \$0.4 million in amortization of debt issuance costs, \$0.4 million and \$0.4 million in administrative expenses, \$1.3 million and \$0.4 million in legal and other professional fees, and \$1.1 million and \$0.7 million in other expenses, respectively. The increase in expenses in the three months ended June 30, 2015 compared to the three months ended June 30, 2014 primarily reflects the increase in management fees due to the larger portfolio, the increase in interest expense and other costs related to the increase in available and outstanding debt, the higher average interest rate following the issuance of the Convertible Notes and \$0.6 million in nonrecurring transaction-related professional fees.

Total operating expenses for the six months ended June 30, 2015 and 2014 were \$21.5 million and \$11.0 million, respectively, comprised of \$9.0 million and \$6.0 million in base management fees, \$1.6 million and \$0.6 million in legal and professional fees, \$7.3 million and \$1.9 million in interest expense and fees related to the Convertible Notes and the Revolving Facilities, \$1.1 million and \$0.8 million in amortization of debt issuance costs, \$0.8 million and \$0.6 million in administrative expenses, and \$1.7 million and \$1.2 million in other expenses, respectively. The

increase in expenses in the six months ended June 30, 2015 compared to the six months ended June 30, 2014 primarily reflects the increase in management fees due to the larger portfolio, 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 \$27.3 million and \$18.4 million respectively, for the three months ended June 30, 2015 and 2014. The increase in net investment income in the three months ended June 30, 2015 compared to the three months ended June 30, 2014 primarily reflects the increased interest and other income in the three months ended June 30, 2015, partially offset by the increase in expenses.

Net investment income was \$50.2 million and \$36.2 million, respectively, for the six months ended June 30, 2015 and 2014. The increase in net investment income in the six months ended June 30, 2015 compared to the six months ended June 30, 2014 primarily reflects the increased interest and other income in the six months ended June 30, 2015, partially offset by the increase in expenses.

Net realized and unrealized gain or loss

Net realized gains (losses) for the three months ended June 30, 2015 and 2014 were \$(9.3) million and \$0.9 million, respectively. The net realized loss during the three months ended June 30, 2015 was due primarily to the restructure of our loan to Edmentum, in which we received new debt and equity in a delevered company.

For the three months ended June 30, 2015 and 2014, the change in net unrealized appreciation/depreciation was \$7.1 million and \$(3.9) million, respectively. The change in net unrealized appreciation/depreciation for the three months ended June 30, 2015 was primarily due to the reversal of the previous unrealized loss on our loan to Edmentum as well as various mark to market adjustments during the period. The change in net unrealized depreciation for the three months ended June 30, 2014 was primarily due to an investment made prior to our initial public offering as part of our legacy distressed strategy which has yielded significant income for many years as well as an unrealized mark to market adjustment on certain of our United Airlines aircraft.

Net realized losses for the six months ended June 30, 2015 and 2014 were \$9.4 million and \$5.9 million, respectively. The net realized loss during the six months ended June 30, 2015 was due primarily to the restructure of our loan to Edmentum, in which we received debt and equity in a delevered company. Net realized loss during the six months ended June 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 which generated substantial cash interest income. For the six months ended June 30, 2015 and 2014, the change in net unrealized appreciation was \$7.7 million and \$8.0 million, respectively. The change in net unrealized depreciation for the six months ended June 30, 2015 and June 30, 2014 were primarily due to reversals of prior period unrealized depreciation.

Income tax expense, including excise tax

The Holding Company has elected to be treated as a RIC under Subchapter M of the Internal Revenue Code (“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 three and six months ended June 30, 2015 and 2014.

Gain on repurchase of Series A preferred interests

Gains on repurchase of Series A preferred interests for the three and six months ended June 30, 2015 and 2014 were \$1.7 million and \$0.0 million, respectively. The gain on repurchase of Series A preferred interests during the three and six months ended June 30, 2015 is due to the repurchase of 1,675 Preferred Interests on June 30, 2015 at a price of \$31.8 million.

Dividends to preferred equity holders

Dividends on the Preferred Interests for the three months ended June 30, 2015 and 2014 were \$0.4 million and \$0.4 million, respectively, as average LIBOR rates for the periods were similar. Dividends on the Preferred Interests for the

six months ended June 30, 2015 and 2014 were \$0.8 million and \$0.7 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 June 30, 2015 and 2014 was \$5.4 million and \$3.6 million, respectively. Incentive compensation distributable to the General Partner for the six months ended June 30, 2015 and 2014 was \$9.9 million and \$7.1 million, respectively. Incentive compensation for the three and six months ended June 30, 2015 and 2014 was distributable due to our performance exceeding the total return threshold. The change in reserve for incentive compensation to the General Partner for the three months ended June 30, 2015 and 2014 was \$0.0 million and \$0.6 million, respectively. The change in reserve for incentive compensation to the General Partner for the six months ended June 30, 2015 and 2014 was \$0.0 million and \$(0.4) million, respectively. The change in reserve for incentive compensation for the three and six months ended June 30, 2015 and 2014 represents 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 June 30, 2015 and 2014, respectively.

Net increase or decrease in net assets resulting from operations

The net increase in net assets resulting from operations was \$21.0 million and \$12.0 million for the three months ended June 30, 2015 and 2014, respectively. The higher net increase in net assets resulting from operations during the three months ended June 30, 2015 is primarily due to the increase in net investment income. The net increase in net assets resulting from operations was \$39.5 million and \$30.1 million for the six months ended June 30, 2015 and 2014, respectively. The higher net increase in net assets resulting from operations during the six months ended June 30, 2015 is primarily due to the increase in net investment income, partially offset by the net realized and unrealized loss in the six months ended June 30, 2015 as compared to the net realized and unrealized gain in the six months ended June 30, 2014.

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 SVCF (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, amounts outstanding 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.

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 six months ended June 30, 2015:

	Shares Issued	Price Per Share	Net Proceeds
At-the-market offerings	248,614	\$ 15.87	* \$ 3,946,066
Shares issued from dividend reinvestment plan	253	15.64	* 3,962

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, 2014:

	Shares Issued	Price Per Share	Net Proceeds
August 1, 2014 public offering	6,210,000	\$ 17.33	\$ 103,940,721
November 26, 2014 public offering	5,900,000	17.05	97,198,756
At-the-market offerings	400,225	16.04	* 6,420,426
Shares issued from dividend reinvestment plan	456	16.86	* 7,687

* Weighted-average price per share.

On October 3, 2014, we entered into an at-the-market equity offering program (the "ATM Program") with Raymond James & Associates Inc. and Cantor Fitzgerald & Co. through which we may offer and sell, by means of at-the-market offerings from time to time, shares of our common stock having an aggregate offering price of up to \$100,000,000. During the three months ended June 30, 2015 we sold 235,814 shares of our common stock at an average price of \$15.29 per share under the ATM Program, raising \$3,743,442 in net proceeds.

Amounts outstanding and available under the combined Leverage Program at June 30, 2015 were as follows:

	Rate	Carrying Value [†]	Available	Total Capacity
Operating Company Facility	L+2.50 %*	\$ 112,000,000	\$ 4,000,000	\$ 116,000,000
TCPC Funding Facility	L+2.25 %*	165,000,000	135,000,000	300,000,000
Convertible Notes (\$108 million par)	5.25 %	105,900,159	-	105,900,159
SBA Program	2.85 %**	34,000,000	41,000,000	75,000,000
Preferred Interests	L+0.85 %*	100,500,000	-	105,500,000
Total leverage		\$ 517,400,159	\$ 180,000,000	\$ 697,400,159

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

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

** Weighted-average interest rate on pooled loans of \$28.0 million, excluding fees of 0.36%. As of June 30, 2015, the remaining \$6.0 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.59% plus fees of 0.36% through September 23, 2015, the date of the next SBA pooling.

On March 6, 2015, we expanded the TCPC Funding Facility by \$50 million to \$300 million, increased the accordion feature by \$50 million to \$350 million and extended the maturity date to March 6, 2019.

Net cash used in operating activities during the six months ended June 30, 2015 was \$14.1 million. Our primary use of cash in operating activities during this period consisted of the settlement of acquisitions of investments (net of dispositions) of \$60.0 million, partially offset by net investment income less preferred dividends and incentive allocation (net of non-cash income and expenses) of approximately \$45.9 million.

Net cash provided by financing activities was \$23.5 million during the six months ended June 30, 2015, consisting primarily of \$88.0 million of net borrowings and \$3.9 million of proceeds from common shares sold, reduced by \$35.2 million in regular dividends on common equity, the \$31.8 million repurchase of Preferred Interests, payment of \$0.6 million in debt issuance costs, and \$0.8 million in dividends on the Preferred Interests.

At June 30, 2015, we had \$36.7 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 June 30, 2015, 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 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, March 2019, 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.

The following tables summarize dividends declared for the six months ended June 30, 2015 and June 30, 2014:

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
March 10, 2015	March 19, 2015	March 31, 2015	Regular	\$ 0.36	\$ 17,535,826
May 7, 2015	June 16, 2015	June 30, 2015	Regular	0.36	17,625,370
				\$ 0.72	\$ 35,161,196

Date Declared	Record Date	Payment Date	Type	Amount Per Share	Total Amount
March 6, 2014	March 17, 2014	March 31, 2014	Regular	\$ 0.36	\$ 13,031,970
May 7, 2014	June 18, 2014	June 30, 2014	Regular	0.36	13,032,007
May 7, 2014	June 18, 2014	June 30, 2014	Special	0.05	1,810,001
				\$ 0.77	\$ 27,873,978

The following table summarizes the total shares issued in connection with our dividend reinvestment plan for the six months ended June 30, 2015 and 2014:

	2015	2014
Shares Issued	253	214
Average Price Per Share	\$ 15.64	\$ 17.36
Proceeds	\$ 3,962	\$ 3,715

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 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, 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 July 1, 2015 through August 3, 2015, the Operating Company invested approximately \$28.6 million primarily in six senior secured loans with a combined effective yield of approximately 9.8%.

On July 13, 2015, we obtained exemptive relief from the SEC to permit us to exclude the debt of TCPC SBIC LP guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. The exemptive relief provides us with increased flexibility under the 200% asset coverage test by permitting the SBIC to borrow up to \$150 million more than it would otherwise be able to absent the receipt of this exemptive relief.

On August 4, 2015, we increased the aggregate principal commitment on the TCPC Funding Facility to \$350 million and expanded the accordion feature to \$400 million.

On August 6, 2015, the Company's board of directors declared a third quarter regular dividend of \$0.36 per share payable on September 30, 2015 to stockholders of record as of the close of business on September 16, 2015.

Item 3: Quantitative and qualitative disclosure about market risk

We are subject to financial market risks, including changes in interest rates. At June 30, 2015, 77.5% 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 June 30, 2015, the percentage of our floating rate debt investments that bore interest based on an interest rate floor was 80.1%. 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 June 30, 2015 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:

Basis Point Change	Interest income	Interest Expense	Net Income
Up 300 basis points	\$ 26,683,664	\$ (12,345,000)	\$ 14,338,664
Up 200 basis points	16,046,591	(8,230,000)	7,816,591
Up 100 basis points	5,625,331	(4,115,000)	1,510,331
Down 100 basis points	(888,291)	1,163,311	275,020
Down 200 basis points	(888,291)	1,163,311	275,020
Down 300 basis points	(888,291)	1,163,311	275,020

Item 4. Controls and Procedures

As of the period covered by this report, we, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on our evaluation, our management, including the chief executive officer and chief financial officer, concluded that our disclosure controls and procedures were effective in timely alerting management, including the chief executive officer and chief financial officer, of material information about us required to be included in our periodic SEC filings. However, in evaluating the disclosure controls and procedures, management

recognized that any controls and procedures, no matter how well designed and operated, are based upon certain assumptions about the likelihood of future events and can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. There has not been any change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

PART II - Other Information

Item 1. Legal Proceedings

Although we may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise, as of June 30, 2015, we are currently not a party to any pending material legal proceedings.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our most recent annual report on Form 10-K, as filed with the Securities and Exchange Commission on March 10, 2015.

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

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4: Mine Safety Disclosures.

None.

Item 5: Other Information.

None.

Item 6: Exhibits

Number Description

- | | |
|------|--|
| 3.1 | Articles of Incorporation of the Registrant (1) |
| 3.2 | Bylaws of the Registrant (2) |
| 31.1 | Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934* |
| 31.2 | Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934* |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U. S. C. 1350)* |

* Filed herewith.

⁽¹⁾ Incorporated by reference to Exhibit (a)(2) to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011.

⁽²⁾ Incorporated by reference to Exhibit (b)(2) to the Registrant's Registration Statement under the Securities Act of 1933 (File No. 333-172669), on Form N-2, filed on May 13, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

TCP CAPITAL CORP.

Date: August 6, 2015

By: /s/ Howard M. Levkowitz
Name: Howard M. Levkowitz
Title: Chief Executive Officer

Date: August 6, 2015

By: /s/ Paul L. Davis
Name: Paul L. Davis
Title: Chief Financial Officer