



**Wells Fargo Specialty Finance Conference**

May 20, 2014

# Forward Looking Statements

Prospective investors considering an investment in TCP Capital Corp. should consider the investment objectives, risks and expenses of the Company carefully before investing. This information and other information about the Company are available in the Company's filings with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Prospective investors should read these materials carefully before investing

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on estimates, projections, beliefs and assumptions of management of the Company at the time of such statements and are not guarantees of future performance. Forward-looking statements involve risks and uncertainties in predicting future results and conditions. These forward-looking statements do not meet the safe harbor for forward-looking statements pursuant to Section 27A of the Securities Act or Section 21E of the Securities Exchange Act. Actual results could differ materially from those projected in these forward-looking statements due to a variety of factors, including, without limitation, changes in general economic conditions or changes in the conditions of the industries in which the Company makes investments, risks associated with the availability and terms of financing, changes in interest rates, availability of transactions, and regulatory changes. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the "Risks" section of the Company's registration statement filed on Form N-2 dated March 18, 2014 and the company's subsequent periodic filings with the SEC. Copies are available on the SEC's website at [www.sec.gov](http://www.sec.gov) and the Company's website at <http://www.tcpcapital.com>. Forward-looking statements are made as of the date of this presentation, or as of the prior date referenced in this presentation, and are subject to change without notice. The Company has no duty and does not undertake any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise.

# Presenters

**Howard Levkowitz**

Chairman & CEO, TCP Capital Corp.  
Managing Partner & Co-Founder, Tennenbaum Capital Partners

**Rajneesh Vig**

President & COO, TCP Capital Corp.  
Managing Partner, Tennenbaum Capital Partners

## Overview

# TCP Capital Overview

## Leading Non-Bank Direct Lender

- TCP Capital Corp. (“TCPC”) is a leading specialty finance company focused on senior secured lending primarily to established middle market companies
- Regulated as a business development company (“BDC”)
- Diversified \$816 million portfolio value with 70 portfolio companies<sup>(1)</sup>

## Externally Managed By Tennenbaum

- Externally managed by Tennenbaum Capital Partners (“Tennenbaum”), a leading alternative investment manager with over \$5 billion in capital under management
- 18-year history focused on middle-market credit investing
- Invested more than \$12 billion in over 300 companies since inception; approximately \$5.4 billion in directly originated and originally issued leveraged loans since 1999
- Long-term relationships with sponsors and deal sources

(1) As of 3/31/2014

# Company Highlights

## Competitive Advantage

- Over 75 employees, including 35 investment professionals
- 19 industry groups with experience investing across asset classes
- Scaled, national platform providing unique financing solutions for 18 years

## Experienced Team with Diverse Skills

- Deep sector expertise, senior professionals average 21 years industry experience
- Diverse in-house legal expertise with significant experience protecting creditors rights

## Consistent Dividends with Strong Coverage

- Well covered dividends
- 8.9% current dividend yield<sup>(1)</sup>
- Special dividends 4 out of 7 quarters
- Paid \$2.98 per share since IPO in 4/2012 through 3/31/2014<sup>(2)</sup>

## Shareholder Friendly Structure

- Best-in-class fee structure:
  - 1.5% management fee on invested assets
  - 20% incentive fee on combined ordinary income and capital gains; includes a high water mark and a cumulative 8% annual hurdle rate
- Tennenbaum personnel and TCPC management voluntarily locked-up their sizeable pre-IPO ownership until April 2015

(1) Based on a closing price of \$16.18 as of 5/16/2014.

(2) There can be no assurance that dividends will continue at current rates or that quarterly cash distributions will be made.

# Best-In-Class Advisory Fee Structure

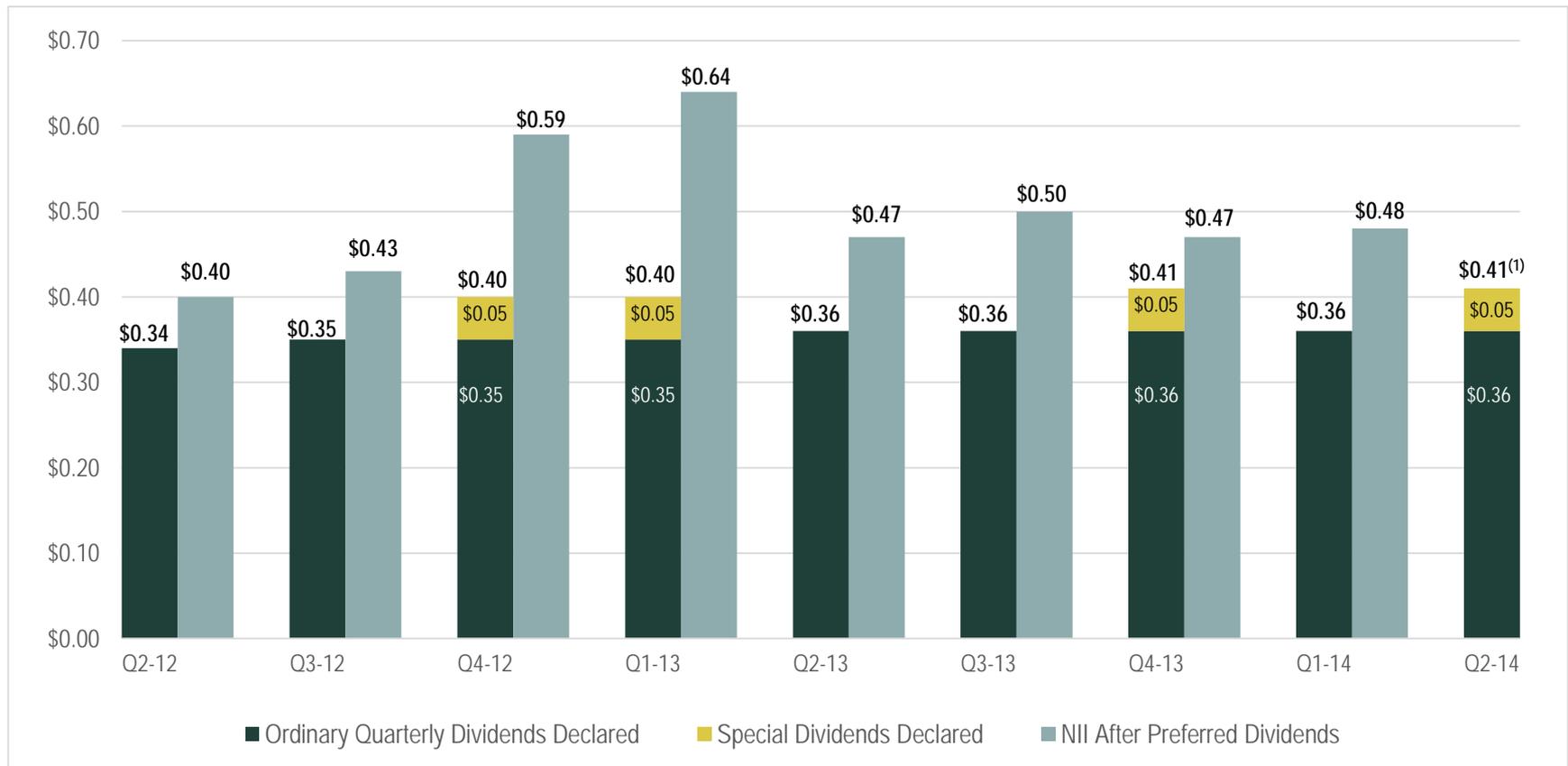
	Select Externally Managed BDCs <sup>(1)</sup>	TCP Capital Corp.
<b>Base Management Fee</b>	<ul style="list-style-type: none"> <li>1.5% - 2.0% on gross assets</li> </ul>	<ul style="list-style-type: none"> <li>1.5% on gross assets (less cash and cash equivalents)</li> </ul>
<b>Incentive Fee Hurdle (on Ordinary Income)</b>	<ul style="list-style-type: none"> <li>1.75% - 2.00% quarterly return on NAV</li> </ul>	<ul style="list-style-type: none"> <li>2.00% quarterly return on NAV</li> </ul>
<b>Incentive Compensation</b>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation</li> <li>Ordinary Income: 20% subject to quarterly hurdle rate calculated quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Capital Gains: 20% of cumulative net realized gains less net unrealized depreciation, subject to a <u>cumulative, annualized 8% total return</u> hurdle; paid quarterly</li> <li>Ordinary Income: 20% subject to a <u>cumulative, annualized 8.0% total return</u> hurdle; paid quarterly</li> </ul>

✓ Subject to cumulative high water mark

(1) Source: SEC filings.

# Substantial Net Investment Income to Support Cash Dividends

- As of March 31, 2014, tax-basis undistributed ordinary income of approximately \$28.1 million



(1) Declared to shareholders of record 6/18/2014 and to be paid on 6/30/2014. Q2 2014 NII after preferred dividends not yet determined.

# TCPC's Public Market Activity



(1) Reflects respective offering price.

# Investment Strategy & Focus

## Return Focus

- Primarily current cash income with additional return from origination and structuring fees
- Potential capital appreciation
- Potential upside through equity participation

## Investment Focus

- Directly originated and newly originated leveraged loans and, to a lesser extent, secondary-market purchases
- Complex situations requiring specialized industry knowledge
- Principal protection

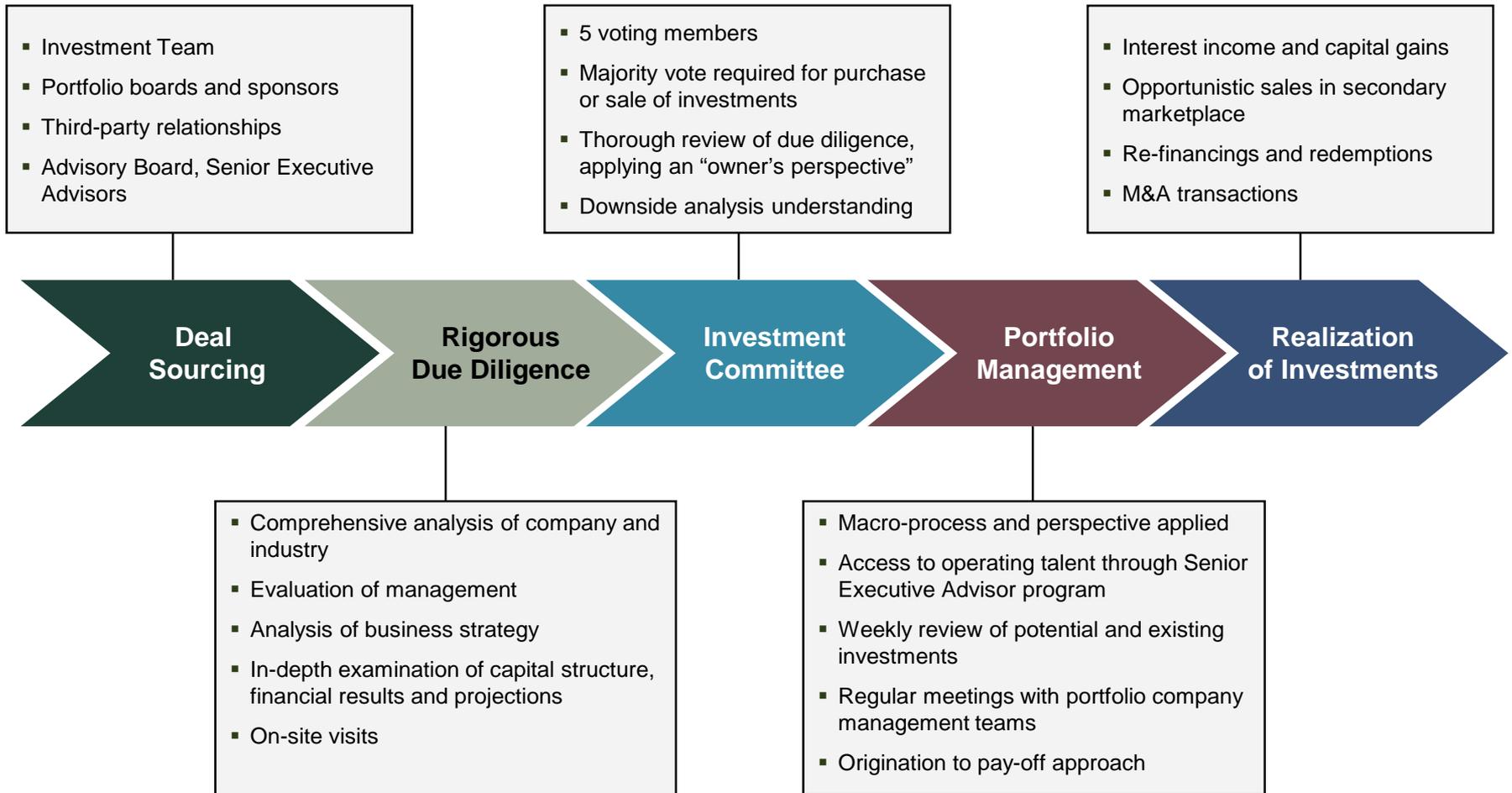
## Leveraged Loans

- Focused on direct origination of senior secured loans to stable middle-market borrowers:
- Contractual first claim ahead of subordinated debt and equity
  - Assets pledged as collateral
  - Interest payments typically floating rate

## Investment Size

- Generally \$10 to \$40 million; average investment size \$11 million
- May grow through time with capital base

# Investment Process



# Diversified Sources of Funding

**TCPC**

Facility	Pricing Range	Maturity Date
▪ \$116m Operating Company Credit Facility <sup>1</sup>	L + 0.44% <sup>2</sup>	July 2016
▪ \$150m TCPC Funding I Credit Facility <sup>3</sup>	L + 2.50% <sup>4</sup>	May 2017
▪ \$134m Preferred Interests <sup>1</sup>	L + 0.85%	Jul 2016
▪ \$150m TCPC SBIC, LP Credit Facility <sup>5</sup>	TBD	10 years

(1) Operating Company leverage totals \$250 million.

(2) Interest rate increases to L + 2.50% effective August 2014.

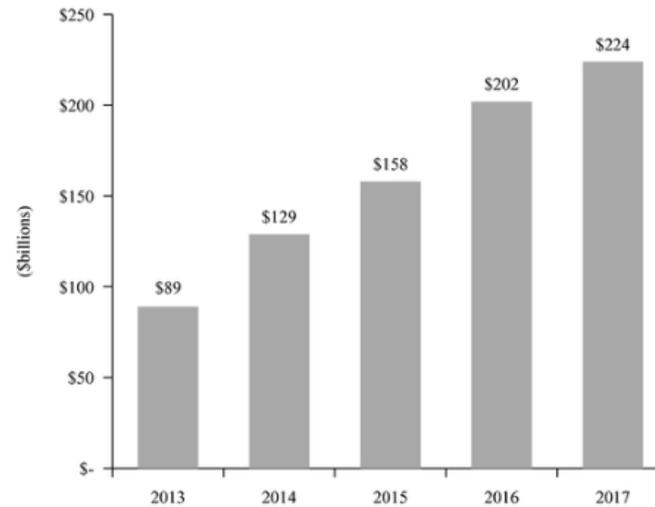
(3) TCPC Funding I, LLC is an indirect, wholly-owned subsidiary of TCPC.

(4) Subject to certain draw requirements.

(5) Anticipated leverage.

# Global Financial Crisis Created Opportunity in U.S. Middle-Market

## Cumulative Maturities of Middle Market Loans



Source: Thomson Reuters, Middle Market defined as \$500 million transaction size or less

### Limited Supply to Middle Market Companies

- Reduced lending by commercial banks; more costly to hold middle market loans
- Reduced credit supply from non-bank lenders
- Long-term trend of bank consolidation eliminated number of former bank competitors
- Implementation of stricter requirements may further reduce bank competitors

### Healthy Demand for Middle Market Financing

- Seeking lenders with access to permanent capital for debt and equity capital
- Significant amount of debt maturing creating refinancing opportunities
- Approximately \$466 billion of un-invested U.S. private equity capital seeking financing<sup>(1)</sup>

(1) Source: PitchBook Private Equity 1H-14 Fundraising and Capital Overhang Report.

# Case Studies\*



## Aircraft Financing



\* Case studies provide examples of investments made by TCPC and its investment process and approach. Not all investments following this process and approach have been profitable and there can be no guarantee that the investments profiled will be profitable. Additional information regarding all of TCPC's investments is available in its public filings.

## Portfolio and Financial Review

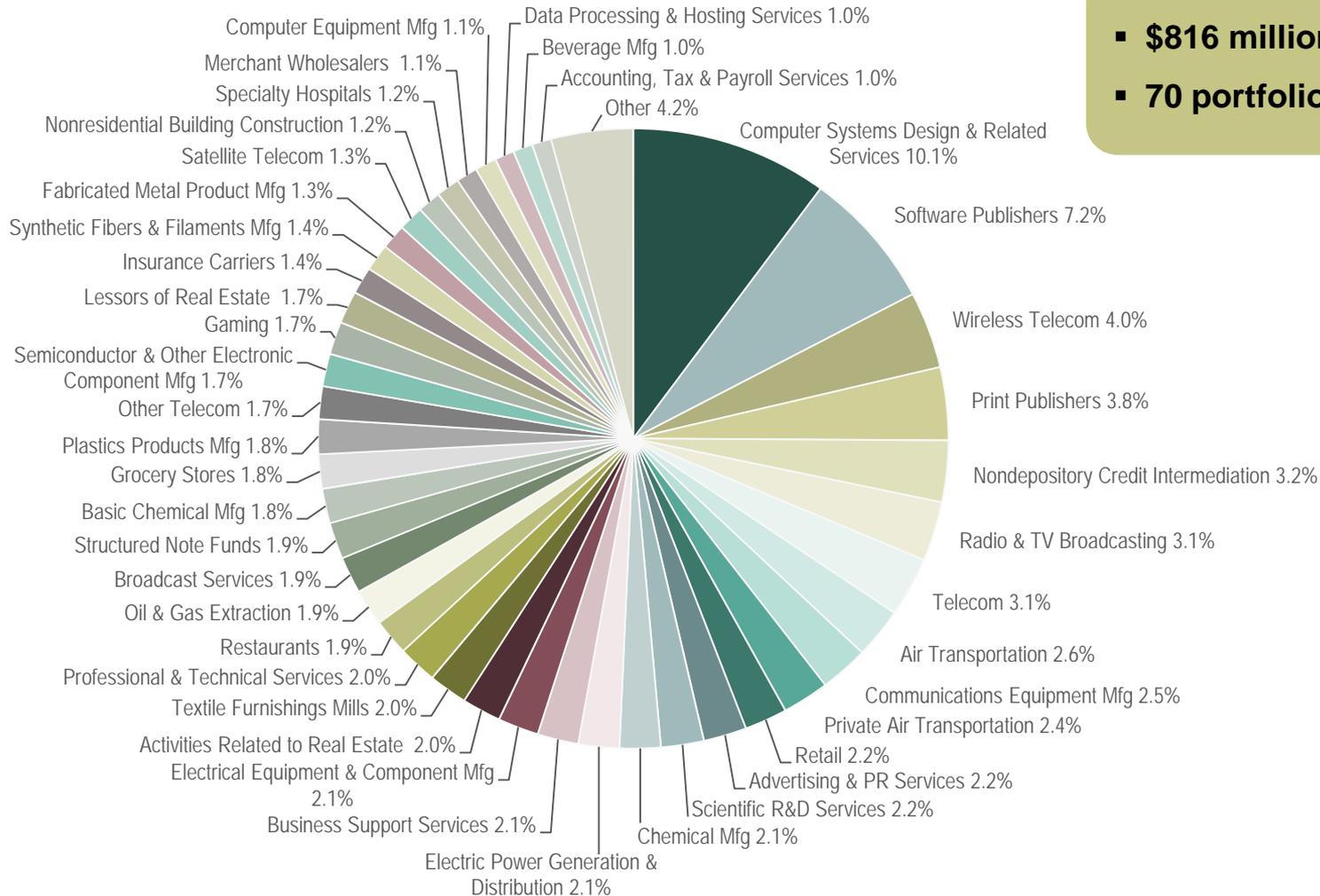
# Summary Statistics

As of March 31, 2014	
Shares Outstanding	36.2 million
Assets	\$857.4 million
Market Cap	\$599.1 million
Dividend Yield	8.9%
Net Investment Income	\$13.9 million
NII per share	\$0.39
Net Asset Value per share	\$15.32
Net Debt/Equity:	0.48
Number of Portfolio Companies	70
Q2 Regular Dividend	\$0.36
Q2 Special Dividend	\$0.05

# Highly Diversified Portfolio

As of March 31, 2014

## Investments by Industry

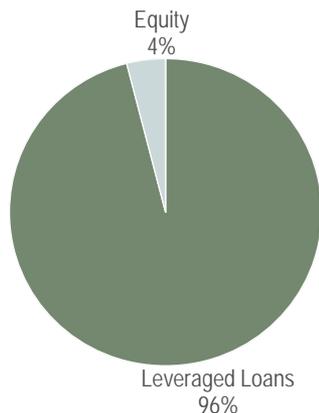


- **\$816 million portfolio fair value**
- **70 portfolio companies**

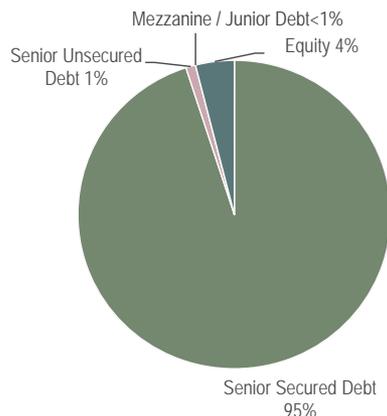
# Conservatively Positioned Portfolio

As of March 31, 2014

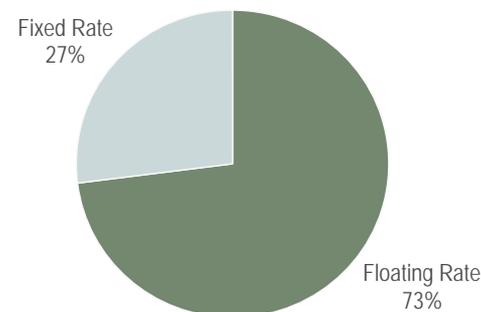
## Portfolio by Strategy



## Portfolio by Asset Type



## Debt Portfolio by Interest Type



- Minimal annual impact on net income of base rate changes in interest rates:

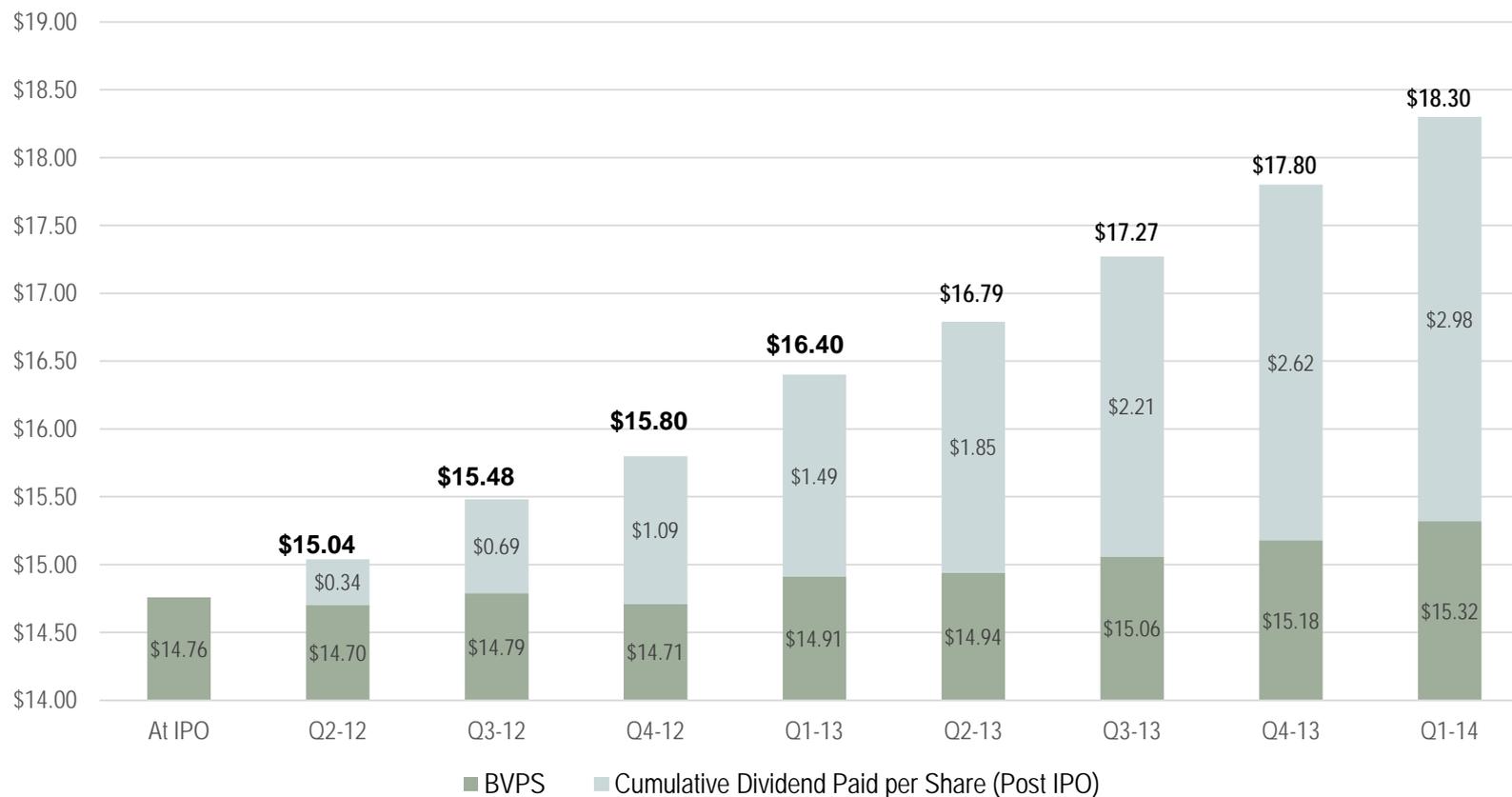
Basis Point Change	Interest Income	Interest Expense	Net Income
Up 300 basis points	\$11,613,205	\$(8,730,000)	\$2,883,205
Up 200 basis points	\$6,142,664	\$(5,820,000)	\$322,664
Up 100 basis points	\$3,264,456	\$(2,910,000)	\$354,456
Down 100 basis points	\$(128,955)	\$681,231	\$552,276

- 73% of debt portfolio is floating rate; (93% with floors)
- 95% of portfolio is senior secured debt
- 10.8% weighted average effective yield on debt portfolio<sup>(1)</sup>
- No debt investments on non-accrual

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

# Strong Track Record of Positive Performance

## Book Value per Share and Dividends Paid



## Summary

# Key Financial Highlights

(\$ per share)	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Net investment income before taxes <sup>(1)</sup>	0.48	\$ 0.50	\$ 0.50	\$ 0.47	\$ 0.64
Excise taxes	-	(0.03)	-	-	-
Net investment income <sup>(1)</sup>	0.48	0.47	0.50	0.47	0.64
Net realized & unrealized gains (losses)	0.14	0.10	0.11	0.03	0.11
Incentive allocation and reserve	(0.13)	(0.11)	(0.13)	(0.10)	(0.15)
Net increase in net assets from operations	0.50	0.46	0.48	0.40	0.60
Quarterly dividend paid	0.36	0.36	0.36	0.36	0.35
Special dividend paid	-	0.05	-	-	0.05
Net asset value	15.32	15.18	15.06	14.94	14.91

	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Total fair value of investments (000s)	\$ 815,658	\$ 766,263	\$ 704,095	\$ 571,762	\$ 509,995
Number of portfolio company investments	70	67	66	57	54
Average investment size (000s)	\$ 11,652	\$ 11,437	\$ 10,668	\$ 10,031	\$ 9,444
Debt/equity ratio	.53x	.42x	.71x	.42x	.64x
Debt/equity ratio, net of cash <sup>(2)</sup>	.48x	.40x	.77x <sup>(3)</sup>	.44x	.60x

(1) After preferred dividends.

(2) Net of trades pending settlement.

(3) On a pro forma basis the ratio was 0.52x common equity, after our follow-on offering, which closed on 10/1/2013.

# Portfolio Highlights

<b>Asset Mix of the Investment Portfolio</b> <i>(in thousands)</i>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>
Senior secured debt	\$ 773,780	\$ 708,726	\$ 646,708	\$ 515,778	\$ 453,895
Senior unsecured debt	7,560	7,632	7,629	7,591	7,553
Mezzanine/subordinated debt	1,402	10,157	11,090	10,859	12,151
Equity	32,916	39,748	38,668	37,534	36,396
Total investments	815,658	766,263	704,095	571,762	509,995

<b>Select Portfolio Data</b> <i>(in thousands)</i>	<b>Q1 2014</b>	<b>Q4 2013</b>	<b>Q3 2013</b>	<b>Q2 2013</b>	<b>Q1 2013</b>
Gross new commitments	\$ 110,386	\$ 116,545	\$ 183,674	\$ 130,600	\$ 40,264
Exits of commitments (includes repayments)	(66,877)	(59,125)	(55,466)	(70,044)	(51,006)
Net commitments	43,510	57,420	128,208	60,556	(10,742)

# Key Highlights

## Established Direct Origination Platform

- Founded in 1996, inclusive of its predecessor entity; Registered Investment Advisor since 2001
- More \$12.0 billion invested in over 300 companies; approximately \$5.4 billion invested in directly originated and originally issued leveraged loans since 1999

## Diversified Portfolio with Attractive Leverage Profile

- \$400 million leverage program with weighted average financing rate of 1.35%
- \$816 million portfolio with a 10.8% effective yield
  - Portfolio composed of 96% debt (99% senior secured debt) with 4% equity
- Income from established portfolio permits a dividend at a quarterly rate of \$0.36 per share, or a dividend yield of approximately 8.9%<sup>(1)</sup>

## Strong Alignment with Public Investors

- Best-in-class advisory fee structure
- ~\$10 million insider investment (subject to voluntary 3-year lock-up from IPO)

(1) Based on a closing price of \$16.18 as of 5/16/2014.

# Corporate Information

## Research Coverage

- Wells Fargo
- Crowell Weedon
- Deutsche Bank
- JMP Securities
- Keefe, Bruyette & Woods
- National Securities
- Oppenheimer
- Raymond James
- Wunderlich Securities

## Transfer Agent

Wells Fargo Shareholder Services  
(800) 468-9716 (from U.S.)  
(651) 450-4064 (from outside U.S.)  
[www.shareowneronline.com](http://www.shareowneronline.com)

## Securities Listing

NASDAQ: TCPC

## Corporate Headquarters

2951 28<sup>th</sup> Street  
Suite 1000  
Santa Monica, CA 90405

## Investor Relations

(310) 566-1094  
[investor.relations@tcpcapital.com](mailto:investor.relations@tcpcapital.com)  
[www.tcpcapital.com](http://www.tcpcapital.com)