



TCP CAPITAL CORP.

**TCP Capital Corp. Investor Presentation**

Quarter Ended December 31, 2012

# 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. 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 initial public offering prospectus dated April 3, 2012 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, 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.

## TCPC

- Business development company (BDC)
- Trades on NASDAQ: “TCPC”
- Expects to distribute most of its earnings as dividends <sup>(1)</sup>
  - ✓ 9.0% current dividend yield <sup>(2)</sup>

## Investment Objective

- We seek to generate high total returns while preserving capital, primarily through investments in debt securities of middle-market companies.

## Leveraged Loans

### Focused on senior secured loans:

- ✓ Contractual first claim ahead of subordinated debt and equity
- ✓ Assets pledged as collateral
- ✓ Interest payments typically floating rate

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

(2) Based on a closing price of \$15.53 as of 3/6/2013.

# Financial Highlights

|  | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012 <sup>(1)</sup></b> |
|--|----------------|----------------|----------------|-------------------------------|
| Net investment income before taxes per share | \$ 0.64        | \$ 0.43        | \$ 0.40        | \$ 0.41                       |
| Excise taxes per share                       | (0.05)         | 0.00           | 0.00           | (0.02)                        |
| Net investment income per share              | 0.59           | 0.43           | 0.40           | 0.39                          |
| Net unrealized gains (losses) per share      | (0.27)         | 0.01           | (0.12)         | (0.22)                        |
| Net increase in net assets from operations   | 0.32           | 0.44           | 0.28           | 0.17                          |
| Dividend paid per share                      | 0.40           | 0.35           | 0.34           | 0.34                          |
| Net asset value per share                    | 14.71          | 14.79          | 14.70          | 14.76                         |

|   | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|----------------|----------------|----------------|----------------|
| Total fair value of investments (000s)  | \$ 517,683     | \$ 490,123     | \$ 452,318     | \$ 404,117     |
| Number of portfolio company investments | 54             | 46             | 44             | 40             |
| Average investment size (000s)          | \$ 9,587       | \$ 10,655      | 10,280         | 10,103         |
| Debt/equity ratio                       | .66x           | .57x           | .48x           | .75x           |
| Debt/equity ratio, net of cash          | .65x           | .56x           | .45x           | .72x           |

(1) Calculated assuming the Conversion and the offering occurred on January 1, 2012.

# Portfolio Highlights

| <b>Asset Mix of the Investment Portfolio (in thousands)</b> | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|----------------|----------------|----------------|----------------|
| Senior secured debt   | \$ 463,394     | \$ 417,026     | \$ 361,247     | \$ 304,860     |
| Senior unsecured debt                                       | 7,167          | 7,883          | 7,615          | 10,146         |
| Mezzanine/subordinated debt                                 | 12,241         | 12,304         | 12,284         | 20,882         |
| Equity  | 34,881         | 52,910         | 71,172         | 68,229         |
| Total investments   | 517,683        | 490,123        | 452,318        | 404,117        |

| <b>Select Portfolio Data (in thousands)</b> | <b>Q4 2012</b> | <b>Q3 2012</b> | <b>Q2 2012</b> | <b>Q1 2012</b> |
|---|----------------|----------------|----------------|----------------|
| Gross new commitments                       | \$ 112,981     | \$ 80,043      | \$ 90,395      | \$ 75,602      |
| Exits of commitments (includes repayments)  | (82,110)       | (43,489)       | (40,008)       | (45,609)       |
| Net commitments                             | 30,871         | 36,554         | 50,387         | 29,993         |

# Quarterly Balance Sheets

|   | 12/31/2012<br>(audited) | 9/30/2012<br>(unaudited) | 6/30/2012<br>(unaudited) | 3/31/2012<br>(unaudited) |
|---|-------------------------|--------------------------|--------------------------|--------------------------|
| <i>(Dollar amounts in thousands, except per share data)</i> |                         |                          |                          |                          |
| <b>ASSETS</b>   |                         |                          |                          |                          |
| Investments at fair value                                   | \$ 517,683              | \$ 490,123               | \$ 452,318               | \$ 404,117               |
| Cash and cash equivalents                                   | 18,035                  | 11,514                   | 11,208                   | 29,546                   |
| Accrued interest income                                     | 4,575                   | 6,774                    | 6,288                    | 6,126                    |
| Deferred Debt issuance costs                                | 696                     | 807                      | 918                      | 1,028                    |
| Receivable for investments sold                             | 7,728                   | 11,162                   | 214                      | 3,331                    |
| Unrealized appreciation on swaps                            | 179                     | 321                      | 438                      | 49                       |
| Prepaid expenses and other assets                           | 346                     | 572                      | 570                      | 1,723                    |
| Total assets  | <u>549,242</u>          | <u>521,273</u>           | <u>471,954</u>           | <u>445,920</u>           |
| <b>LIABILITIES</b>  |                         |                          |                          |                          |
| Credit facility payable                                     | \$ 74,000               | \$ 48,000                | \$ 17,000                | \$ 42,000                |
| Payable for investments purchased                           | 21,815                  | 19,925                   | 2,177                    | 25,965                   |
| Distribution payable  | -                       | -                        | -                        | 5,400                    |
| Management and advisory fees payable                        | -                       | -                        | -                        | 566                      |
| Payable to the Investment Manager                           | 109                     | 249                      | 2,031                    | 669                      |
| Interest payable  | 119                     | 58                       | 35                       | 64                       |
| Accrued expenses and other liabilities                      | 2,685                   | 870                      | 558                      | 842                      |
| Total liabilities   | <u>98,728</u>           | <u>69,102</u>            | <u>21,801</u>            | <u>75,506</u>            |
| Preferred equity interests                                  | <u>134,526</u>          | <u>134,536</u>           | <u>134,533</u>           | <u>134,510</u>           |
| <b>Net assets applicable to common shareholders</b>         | <u>\$ 315,988</u>       | <u>\$ 317,635</u>        | <u>\$ 315,620</u>        | <u>\$ 235,904</u>        |
| <b>STOCKHOLDER'S EQUITY</b>                                 |                         |                          |                          |                          |
| Common stock  | \$ 22                   | \$ 21                    | \$ 21                    | \$ 1                     |
| Paid-in capital in excess of par value                      | 444,234                 | 445,697                  | 445,715                  | 364,743                  |
| Accumulated net investment income                           | 22,526                  | 19,346                   | 17,657                   | 16,436                   |
| Accumulated net realized losses                             | (59,024)                | (39,393)                 | (47,797)                 | (50,674)                 |
| Accumulated net unrealized depreciation                     | (91,770)                | (108,036)                | (99,976)                 | (94,602)                 |
| Total stockholders' equity                                  | <u>\$ 315,988</u>       | <u>\$ 317,635</u>        | <u>\$ 315,620</u>        | <u>\$ 235,904</u>        |
| <b>NET ASSETS PER SHARE</b>                                 | <u>\$ 14.71</u>         | <u>\$ 14.79</u>          | <u>\$ 14.70</u>          | <u>N/A</u>               |

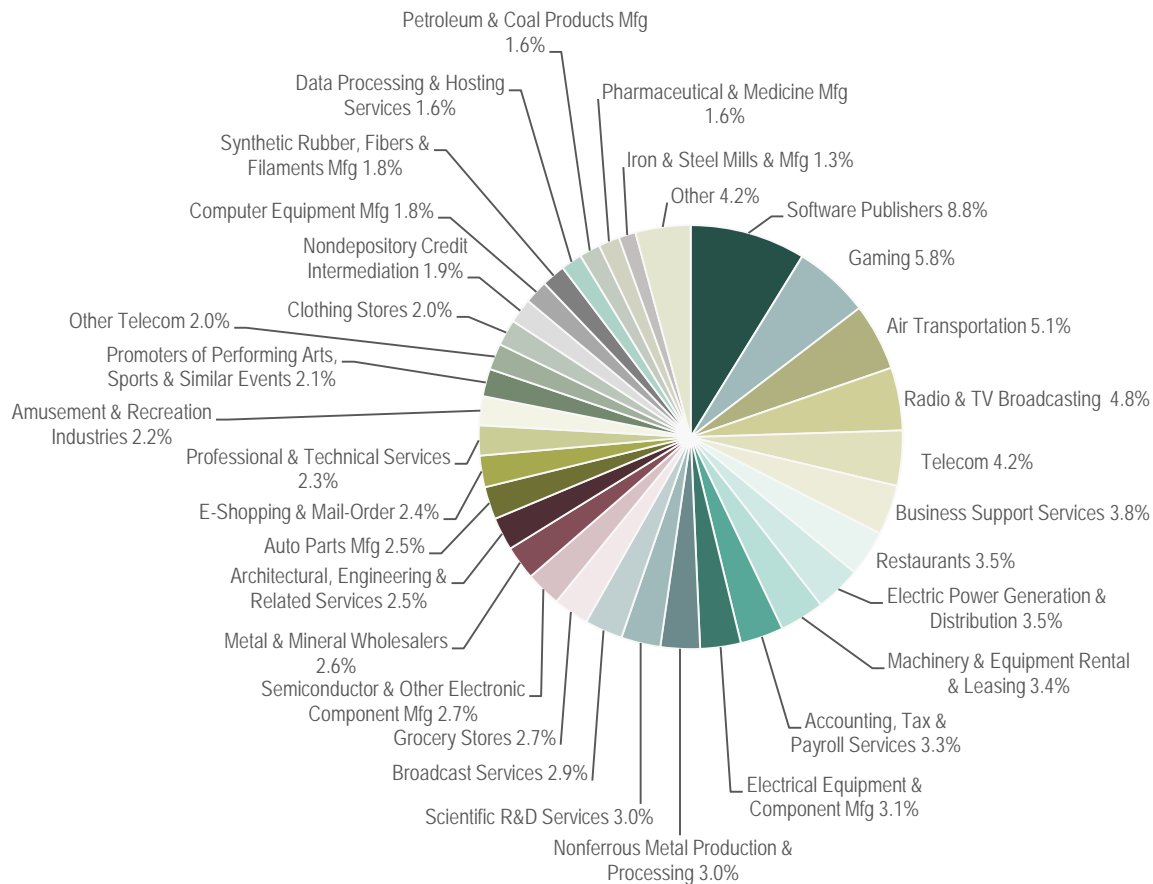
# Quarterly Operating Results

|   | For the Three Months Ended                                 |                 |                 |                    |
|---|--|-----------------|-----------------|--------------------|
|   | (Unaudited; dollar amounts in 000s, except per share data) |                 |                 |                    |
|   | 12/31/2012   | 9/30/2012       | 6/30/2012       | 3/31/2012          |
| <b>Investment Income</b>                                    |  |                 |                 |                    |
| Interest income   | \$ 16,666  | \$ 11,834       | \$ 10,909       | \$ 9,835           |
| Dividend income   | -  | -               | -               | 1,811              |
| Other income  | 516  | 277             | 177             | 168                |
| <b>Total investment income</b>                              | <b>17,182</b>  | <b>12,111</b>   | <b>11,086</b>   | <b>11,814</b>      |
| <b>Expenses</b>   |  |                 |                 |                    |
| Management and advisory fees                                | 1,922  | 1,737           | 1,553           | 1,697              |
| Legal fees, professional fees and due diligence expenses    | 509  | 295             | 271             | 502 <sup>(1)</sup> |
| Amortization of deferred debt issuance costs                | 110  | 111             | 110             | 110                |
| Commitment fees   | 33   | 61              | 70              | 62                 |
| Interest expense  | 100  | 34              | 10              | 47                 |
| Director fees   | 62   | 37              | 47              | 53                 |
| Custody fees  | 28   | 26              | 23              | 23                 |
| Insurance expenses  | 37   | 37              | 27              | 29                 |
| Other operating expenses                                    | 344  | 169             | 54              | 53                 |
| <b>Total expenses</b>                                       | <b>3,145</b>   | <b>2,507</b>    | <b>2,165</b>    | <b>2,576</b>       |
| Net investment income before taxes                          | 14,037   | 9,604           | 8,921           | 9,238              |
| Excise taxes  | 977  | -               | -               | 503                |
| <b>Net investment income</b>                                | <b>13,060</b>  | <b>9,604</b>    | <b>8,921</b>    | <b>8,735</b>       |
| Net realized gains (losses) on investments                  | (22,061)   | 8,404           | 2,929           | (5,262)            |
| Net unrealized appreciation (depreciation) on investments   | 16,317   | (8,060)         | (5,426)         | 375                |
| Net realized and unrealized gain (loss)                     | (5,744)  | 344             | (2,497)         | (4,887)            |
| Dividends on preferred equity facility                      | (391)  | (399)           | (398)           | (415)              |
| <b>Net increase in net assets resulting from operations</b> | <b>\$ 6,925</b>  | <b>\$ 9,549</b> | <b>\$ 6,026</b> | <b>\$ 3,433</b>    |
| <b>Per Share</b>  |  |                 |                 |                    |
| Earnings per Share  | \$ 0.32  | \$ 0.44         | \$ 0.28         | \$ 0.16            |
| Net investment income                                       | \$ 0.59  | \$ 0.43         | \$ 0.40         | \$ 0.39            |
| Dividends paid  | \$ 0.40  | \$ 0.35         | \$ 0.34         | \$ 0.34            |
| Weighted average common shares outstanding                  | 21,476,464   | 21,475,635      | 21,475,635      | 21,475,635         |

(1) Includes \$412K in professional fees relating to the Conversion.

# Portfolio Highlights\*

## Investment by Industry



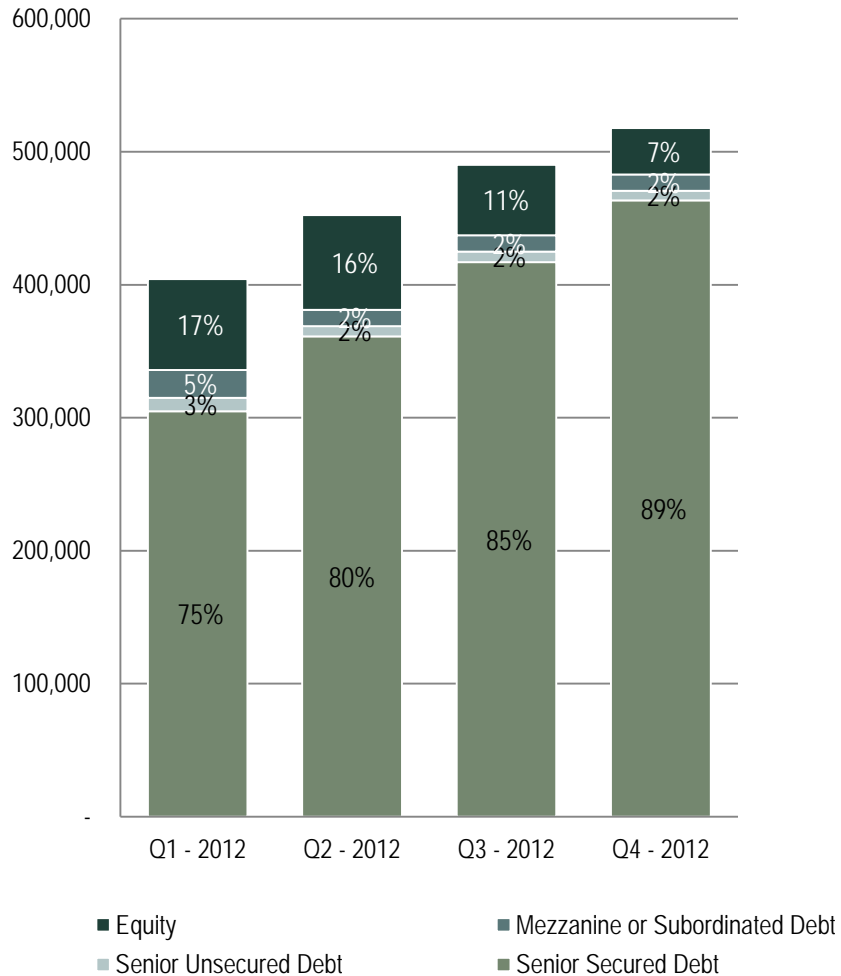
- ✓ **\$518 million portfolio fair value**
- ✓ **11.3% average effective yield**
- ✓ **64% floating rate**

\* Portfolio data as of December 31, 2012.

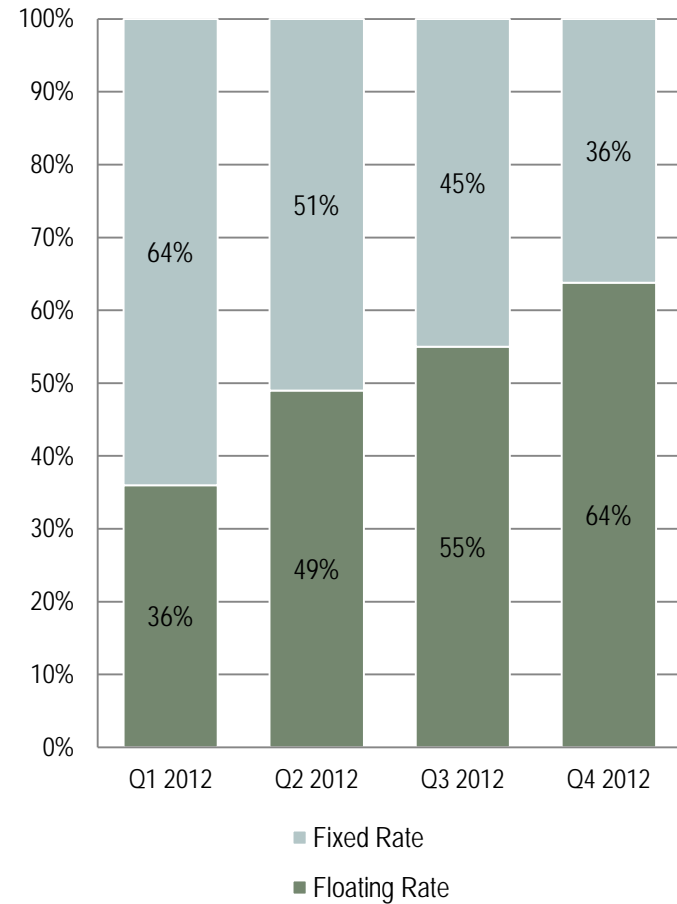


# Portfolio Highlights

## End of Period Investments

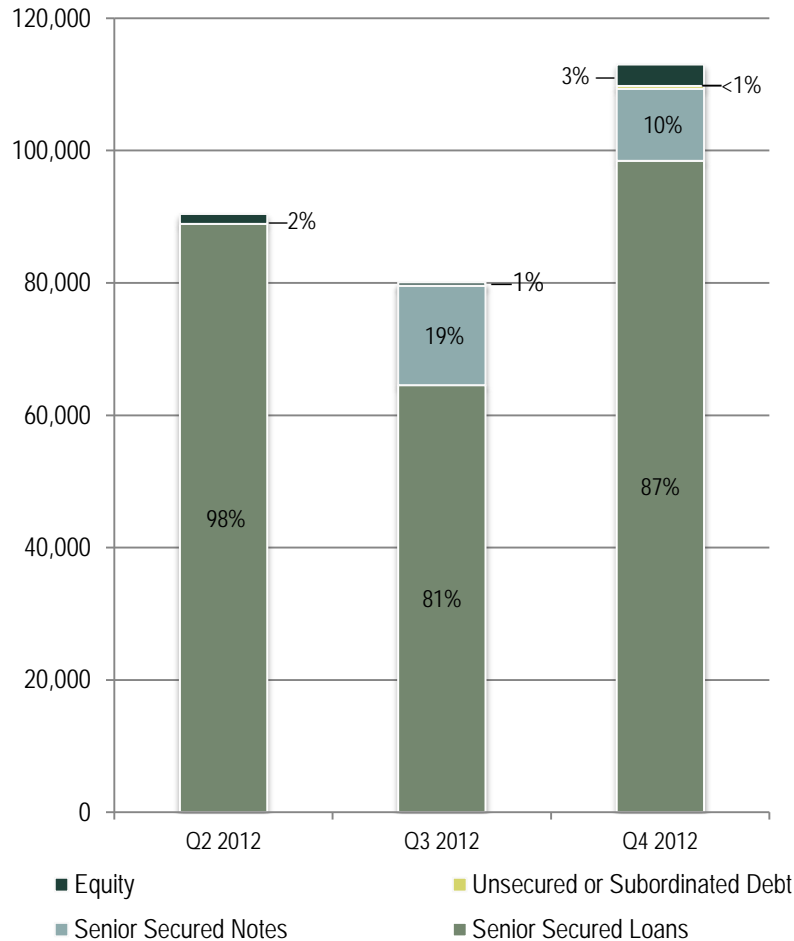


## Fixed vs. Floating Rate

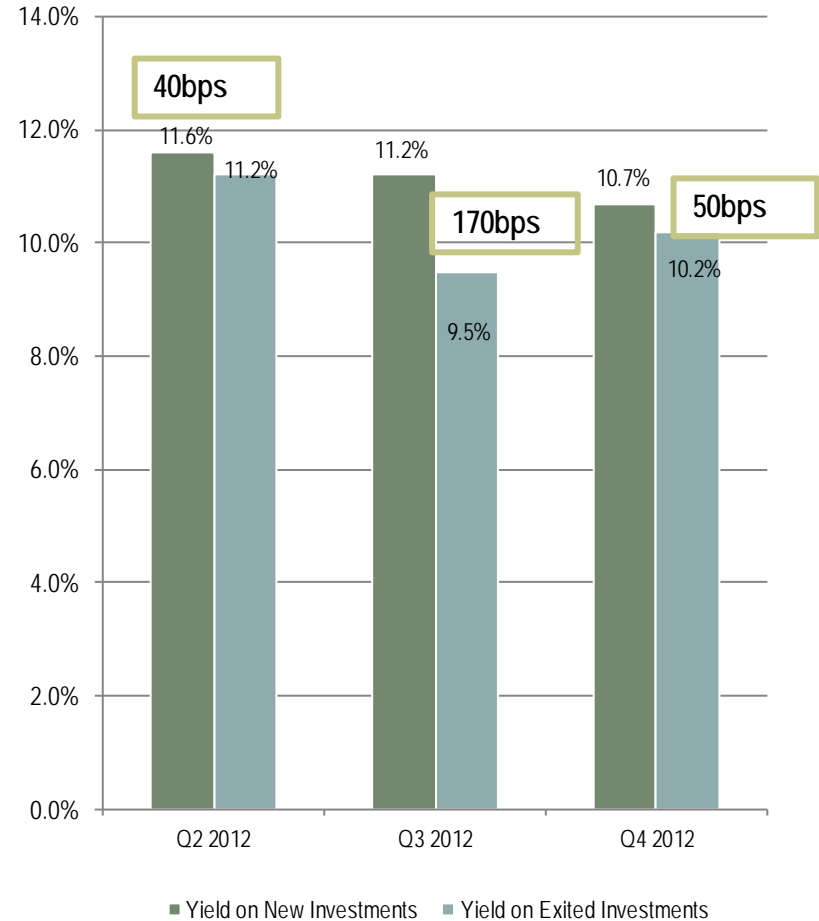


# Post-IPO Portfolio Highlights – Asset Mix

## New Investment Commitments



## Portfolio Rotation



# Attractive Leverage Program

**TCP Capital Corp.**

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| <u>Facility</u>                         | <u>Pricing Range</u> | <u>Maturity Range</u> |
|---|----------------------|-----------------------|
| \$250m Leverage Program:                |                      |                       |
| ■ \$116m Senior Secured Credit Facility | L + 0.44%            | Jul-14                |
| ■ \$134m Preferred Interests            | L + 0.85%            | Jul-16                |

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# Best-In-Class Advisory Fee Structure

|  | Select Externally Managed BDCs   | 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<br/>(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 realized net capital gains less 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 realized net capital gains less 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> |
|  |  | <ul style="list-style-type: none"> <li>✓ Subject to high water mark</li> </ul>  |

Source: SEC filings.

# Contact Information

## **Investor Relations**

2951 28<sup>th</sup> Street, Suite 1000  
Santa Monica, CA 90405  
(310) 566-1094  
investor.relations@tcpcapital.com  
www.tcpcapital.com

## **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)