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**TCP CAPITAL CORP.**

**FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2014**

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TCP Capital Corp.

## Consolidated Statements of Assets and Liabilities

	March 31, 2014 (unaudited)	December 31, 2013
Assets		
Investments, at fair value:		
Companies less than 5% owned (cost of \$741,804,363 and \$684,569,508, respectively)	\$ 744,016,378	\$ 678,326,915
Companies 5% to 25% owned (cost of \$54,759,445 and \$73,946,547, respectively)	53,487,621	69,068,808
Companies more than 25% owned (cost of \$41,985,865 and \$42,588,724 respectively)	18,153,749	18,867,236
Total investments (cost of \$838,549,673 and \$801,104,779, respectively)	815,657,748	766,262,959
Cash and cash equivalents	27,141,436	22,984,182
Accrued interest income:		
Companies less than 5% owned	8,279,978	6,282,353
Companies 5% to 25% owned	679,599	415,061
Companies more than 25% owned	38,519	41,691
Deferred debt issuance costs	3,360,310	2,969,085
Receivable for investments sold	1,031,717	3,605,964
Options (cost \$51,750)	8,605	14,139
Prepaid expenses and other assets	1,184,123	753,768
Total assets	857,382,035	803,329,202
Liabilities		
Debt		
Incentive allocation payable	157,000,000	95,000,000
Payable for investments purchased	3,486,403	3,318,900
Payable to the Investment Manager	1,514,602	14,706,942
Interest payable	463,629	1,121,108
Unrealized depreciation on swaps	332,040	430,969
Accrued expenses and other liabilities	300,684	331,183
Total liabilities	2,915,706	3,136,010
	166,013,064	118,045,112
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; 6,700 interests authorized, issued and outstanding	134,000,000	134,000,000
Accumulated dividends on Series A preferred equity facility	493,757	504,252

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Total preferred limited partner interests	134,493,757	134,504,252
Non-controlling interest		
General Partner interest in Special Value Continuation Partners, LP	2,204,587	1,168,583
Net assets applicable to common shareholders	\$ 554,670,627	\$ 549,611,255
Composition of net assets applicable to common shareholders		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 36,200,020 and 36,199,916 shares issued and outstanding as of March 31, 2014 and December 31, 2013, respectively	36,200	36,200
Paid-in capital in excess of par	667,843,737	667,842,020
Accumulated net investment income	24,929,736	24,016,095
Accumulated net realized losses	(112,595,624 )	(105,800,278 )
Accumulated net unrealized depreciation	(23,338,835 )	(35,314,199 )
Non-controlling interest	(2,204,587 )	(1,168,583 )
Net assets applicable to common shareholders	\$ 554,670,627	\$ 549,611,255
Net assets per share	\$ 15.32	\$ 15.18

*See accompanying notes.*

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited)

March 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (92.87%)					
<b>Bank Debt (76.36%) (1)</b>					
Accounting, Tax Preparation, Bookkeeping, and Payroll Services (0.93%)					
Expert Global Solutions, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 7.25% (Q), 1.25% LIBOR Floor, due 4/3/18	\$694,441	\$699,603	\$679,684	0.08	%
Expert Global Solutions, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 11% (Q), 1.5% LIBOR Floor, due 10/3/18	\$7,434,877	7,235,805	7,174,657	0.85	%
Total Accounting, Tax Preparation, Bookkeeping, and Payroll Services		7,935,408	7,854,341		
Activities Related to Real Estate (1.97%)					
Greystone Select Holdings, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 8% (M), 1% LIBOR Floor, due 3/26/21	\$16,594,230	16,366,059	16,635,715	1.97	%
Advertising, Public Relations, and Related Services (2.15%)					
Doubleplay III Limited, Senior Secured 1st Lien Facility A1 Term Loan, EURIBOR + 6.25% (Q), 1.25% EURIBOR Floor, due 3/18/18 - (United Kingdom) (4), (10)	\$13,165,705	16,495,992	18,082,540	2.15	%
Artificial Synthetic Fibers and Filaments Manufacturing (0.24%)	\$2,056,927	2,056,927	2,056,927	0.24	%

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AGY Holding Corp., Senior Secured Term Loan, 12%,  
due 9/15/16 <sup>(2)</sup>

Basic Chemical Manufacturing (1.79%)

PeroxyChem, LLC, Senior Secured Term Loan, LIBOR + 6.5% (M), 1% LIBOR Floor, due 2/28/20	\$ 15,000,000	14,702,579	15,075,000	1.79	%
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Business Support Services (1.76%)

STG-Fairway Acquisitions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.25% (Q), 1.25% LIBOR Floor, due 8/28/19	\$ 14,643,455	13,965,887	14,863,107	1.76	%
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Chemical Manufacturing (2.08%)

Archroma, Senior Secured Lien Term Loan B, LIBOR + 8.25% (Q), 1.25% LIBOR Floor, due 9/30/18	\$ 17,412,500	17,088,698	17,499,563	2.08	%
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Communications Equipment Manufacturing (1.79%)

Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625% (Q), 1.25% LIBOR Floor, due 12/11/18 <sup>(2)</sup>	\$ 14,962,500	14,812,875	15,059,756	1.79	%
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Computer Equipment Manufacturing (1.08%)

ELO Touch Solutions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 10.5% (Q), 1.5% LIBOR Floor, due 12/1/18	\$ 10,000,000	9,678,717	9,075,000	1.08	%
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Converted Paper Products Manufacturing (0.42%)

Ranpak Corp., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25% (Q), 1.25% LIBOR Floor, due 4/23/20	\$ 3,469,573	3,434,877	3,551,976	0.42	%
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Computer Systems Design and Related Services (9.73%)

Autoalert, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 4.75% (Q) Cash + 4% PIK, 0.25% LIBOR Floor, due 3/31/19	\$ 30,000,000	29,400,000	29,940,000	3.55	%
Blue Coat Systems, Inc., Senior Secured 1st Lien Revolver Term Loan, LIBOR + 3.5% (Q), 1% LIBOR Floor, due 5/31/18 <sup>(13)</sup>	\$-	(960,000 )	(441,060 )	(0.05 )	%

Blue Coat Systems, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 8.5% (Q), 1% LIBOR Floor, due 6/28/20	\$ 15,000,000	14,878,125	15,581,250	1.85	%
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CoreOne Technologies, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 3.75% (Q) Cash + 5% PIK, 1% LIBOR Floor, due 9/4/18	\$ 13,726,261	13,412,993	13,643,903	1.62	%
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OnX Enterprise Solutions, Ltd., Senior Secured 1st Lien Term Loan, LIBOR + 7% (Q), due 9/3/18	\$ 10,613,333	10,468,033	10,708,853	1.27	%
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OnX USA, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7% (Q), due 9/3/18	\$ 5,306,667	5,237,760	5,354,427	0.64	%
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Websense, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25% (Q), 1% LIBOR

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Floor, due 12/27/20	\$7,200,000	7,164,000	7,254,000	0.85	%
Total Computer Systems Design and Related Services		79,600,911	82,041,373		
Electric Power Generation, Transmission and Distribution (2.07%)					
Panda Sherman Power, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7.5% (Q), 1.5% LIBOR Floor, due 9/14/18	\$11,070,172	10,938,274	11,402,277	1.35	%
Panda Temple Power II, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 6% (Q), 1.25% LIBOR Floor, due 4/3/19	\$5,892,970	5,834,041	6,062,393	0.72	%
Total Electric Power Generation, Transmission and Distribution		16,772,315	17,464,670		
Electrical Equipment and Component Manufacturing (1.99%)					
Palladium Energy, Inc., 1st Lien Senior Secured Term Loan, LIBOR + 9% (Q), 1% LIBOR Floor, due 12/26/17	\$16,500,317	16,239,377	16,739,572	1.99	%
Electrical Equipment Manufacturing (0.82%)					
API Technologies Corp., Senior Secured 1st Lien Term Loan, LIBOR + 7.5% (M), 1.5% LIBOR Floor, due 2/6/18	\$6,947,590	6,878,114	6,912,852	0.82	%
Financial Investment Activities (0.70%)					
Marsico Capital Management, Senior Secured 1st Lien Term Loan, LIBOR + 5% (M), due 12/31/22 <sup>(11)</sup>	\$10,606,841	13,355,425	5,939,831	0.70	%

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited) (Continued)

March 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments
<b>Debt Investments (continued)</b>				
<b>Freight Transportation Arrangement (0.44%)</b>				
Livingston International, Inc., 2nd Lien Term Loan, LIBOR + 7.75% (Q), 1.25% LIBOR Floor, due 4/18/20 <sup>(10)</sup>	\$3,665,217	\$3,599,623	\$3,724,777	0.44 %
<b>Full-Service Restaurants (1.87%)</b>				
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18 <sup>(2)</sup>	\$5,164,796	5,164,796	1,402,242	0.17 %
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$1,422,456	1,394,868	1,422,456	0.17 %
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/21/16 <sup>(2)</sup>	\$3,647,717	3,647,717	3,647,717	0.43 %
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$7,087,612	7,087,612	7,087,612	0.84 %
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$2,232,131	2,194,774	2,232,131	0.26 %
<b>Total Full-Service Restaurants</b>		19,489,767	15,792,158	
<b>Gaming Industries (1.66%)</b>				
AP Gaming I, LLC, Senior Secured 1st Lien Revolver Term Loan, LIBOR + 8.25% (Q), 1% LIBOR Floor, due 12/20/18 <sup>(13)</sup>	\$-	(1,000,000)	(984,375)	(0.12)%
AP Gaming I, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 8.25% (Q), 1% LIBOR Floor, due 12/20/20	\$14,962,500	14,523,696	14,962,500	1.78 %
<b>Total Gaming Industries</b>		13,523,696	13,978,125	
<b>Grocery Stores (1.78%)</b>				

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Bashas, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 9.35% (M), 1.5% LIBOR Floor, due 12/28/15	\$ 14,781,475	14,740,030	15,003,197	1.78	%
<b>Insurance Carriers (1.39%)</b>					
Acrisure, LLC, 2nd Lien Additional Notes, LIBOR + 10.5% (Q), 1% LIBOR Floor, due 3/7/20	\$ 680,363	564,204	674,555	0.08	%
Acrisure, LLC, 2nd Lien Notes, LIBOR + 10.5% (Q), 1% LIBOR Floor, due 3/7/20	\$ 11,051,757	10,832,378	11,040,705	1.31	%
<b>Total Insurance Carriers</b>		11,396,582	11,715,260		
<b>Insurance Related Activities (0.76%)</b>					
Confie Seguros Holding II Co., 2nd Lien Term Loan, LIBOR + 9% (M), 1.25% LIBOR Floor, due 5/8/19	\$ 6,341,809	6,249,086	6,397,332	0.76	%
<b>Merchant Wholesalers (1.09%)</b>					
Envision Acquisition Company, LLC, 2nd Lien Term Loan, LIBOR + 8.75% (M), 1% LIBOR Floor, due 11/4/21	\$ 9,079,011	8,897,430	9,158,452	1.09	%
<b>Motion Picture and Video Industries (1.82%)</b>					
CORE Entertainment, Inc., Senior Secured 1st Lien Term Loan, 9%, due 6/21/17	\$ 9,462,231	9,386,095	8,421,386	1.00	%
CORE Entertainment, Inc., Senior Secured 2nd Lien Term Loan, 13.5%, due 6/21/18	\$ 7,569,785	7,505,822	6,933,923	0.82	%
<b>Total Motion Picture and Video Industries</b>		16,891,917	15,355,309		
<b>Newspaper, Periodical, Book, and Directory Publishers (3.64%)</b>					
Hanley-Wood, LLC, 1st Lien FILO Term Loan, LIBOR + 6.75% (Q), 1.25% LIBOR Floor, due 7/15/18	\$ 16,561,400	16,561,400	16,420,628	1.95	%
MediMedia USA, Inc., 1st Lien Revolver, LIBOR + 6.75% (M), due 5/20/18	\$ 5,270,000	4,107,500	4,833,908	0.57	%
MediMedia USA, Inc., 1st Lien Term Loan, LIBOR + 6.75% (M), 1.25% LIBOR Floor, due 11/20/18	\$ 9,676,875	9,420,314	9,434,953	1.12	%
<b>Total Newspaper, Periodical, Book, and Directory Publishers</b>		30,089,214	30,689,489		
<b>Nonresidential Building Construction (1.20%)</b>					
NCM Group Holdings, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 11.5% (Q), 1% LIBOR Floor, due 8/29/18	\$ 10,000,000	9,620,619	10,145,000	1.20	%
<b>Nonscheduled Air Transportation (2.11%)</b>					
One Sky Flight, LLC, Senior Secured 2nd Lien Term Loan, 12% Cash + 3% PIK, due 6/3/19	\$ 18,243,983	16,984,017	17,742,274	2.11	%
<b>Oil and Gas Extraction (1.83%)</b>					
Willbros Group, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 9.75% (Q), 1.25% LIBOR Floor, due 8/7/19	\$ 15,246,603	14,876,555	15,443,512	1.83	%

**Other Telecommunications (1.67%)**

Securus Technologies, Inc., 2nd Lien Term Loan, LIBOR + 7.75% (Q), 1.25% LIBOR Floor, due 4/30/21	\$ 14,000,000	13,860,000	14,072,940	1.67	%
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**Petroleum and Coal Products Manufacturing (0.46%)**

Boomerang Tube, LLC, 2nd Lien Term Loan, LIBOR + 9.5% (Q), 1.5% LIBOR Floor, due 10/11/17	\$ 3,987,092	3,902,548	3,887,415	0.46	%
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TCP Capital Corp.

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

March 31, 2014

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

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
<u>Debt Investments (continued)</u>					
Professional, Scientific, and Technical Services (1.91%)					
ConvergeOne Holdings, 1st Lien Term Loan, LIBOR + 8% (Q), 1.25% LIBOR Floor, due 5/8/19	\$16,112,709	\$15,930,795	\$16,112,709	1.91	%
Radio and Television Broadcasting (2.94%)					
SiTV, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6% (Q) Cash + 4% PIK, 2% LIBOR Floor, due 8/3/16	\$7,014,361	6,678,521	6,856,537	0.82	%
The Tennis Channel, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 8.5% (Q), due 5/29/17	\$17,771,217	17,344,546	17,842,301	2.12	%
Total Radio and Television Broadcasting		24,023,067	24,698,838		
Retail (2.10%)					
Kenneth Cole Productions, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 10.40% (M), 1% LIBOR Floor, due 9/25/17	\$11,000,000	10,796,475	11,055,000	1.31	%
Shopzilla, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.5% (Q), due 3/31/16	\$6,710,057	6,584,026	6,699,991	0.79	%
Total Retail		17,380,501	17,754,991		
Scheduled Air Transportation (1.40%)					
Aircraft Secured Mortgages - Aircraft Leased to Delta Air Lines, Inc.					
N913DL, 8%, due 3/15/17 <sup>(6)</sup>	\$268,686	268,686	275,740	0.03	%
N918DL, 8%, due 8/15/18 <sup>(6)</sup>	\$369,976	369,976	379,440	0.05	%
N954DL, 8%, due 3/20/19 <sup>(6)</sup>	\$493,667	493,667	504,730	0.06	%
N955DL, 8%, due 6/20/19 <sup>(6)</sup>	\$513,363	513,363	524,620	0.06	%

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N956DL, 8%, due 5/20/19 <sup>(6)</sup>	\$512,024	512,024	523,430	0.06	%
N957DL, 8%, due 6/20/19 <sup>(6)</sup>	\$517,853	517,853	529,210	0.06	%
N959DL, 8%, due 7/20/19 <sup>(6)</sup>	\$523,634	523,634	534,990	0.06	%
N960DL, 8%, due 10/20/19 <sup>(6)</sup>	\$545,211	545,211	556,410	0.07	%
N961DL, 8%, due 8/20/19 <sup>(6)</sup>	\$538,309	538,309	549,780	0.07	%
N976DL, 8%, due 2/15/18 <sup>(6)</sup>	\$373,436	373,436	383,520	0.05	%
<b>Aircraft Secured Mortgages - Aircraft Leased to United Airlines, Inc.</b>					
N510UA, 20%, due 10/26/16 <sup>(2)</sup>	\$305,802	305,802	370,358	0.04	%
N512UA, 20%, due 10/26/16 <sup>(2)</sup>	\$311,984	311,984	380,048	0.05	%
N536UA, 16%, due 9/29/14 <sup>(2)</sup>	\$69,373	69,373	71,630	0.01	%
N545UA, 16%, due 8/29/15 <sup>(2)</sup>	\$214,325	214,325	233,415	0.03	%
N585UA, 20%, due 10/25/16 <sup>(2)</sup>	\$366,316	366,316	446,310	0.05	%
N659UA, 12%, due 2/28/16 <sup>(6)</sup>	\$2,439,123	2,439,123	2,635,667	0.31	%
N661UA, 12%, due 5/4/16 <sup>(6)</sup>	\$2,619,284	2,619,284	2,862,717	0.34	%
<b>Total Scheduled Air Transportation</b>		<b>10,982,366</b>	<b>11,762,015</b>		
<b>Semiconductor and Other Electronic Component Manufacturing (1.64%)</b>					
<b>Isola USA Corporation, Senior Secured Term Loan B, LIBOR + 8.25% (Q), 1% LIBOR Floor, due 11/29/18</b>					
	\$14,492,188	14,285,320	14,854,492	1.76	%
<b>SunEdison, Inc., Senior Secured Letters of Credit, 3.75%, due 2/28/17 <sup>(12), (13)</sup></b>					
	\$-	(1,031,717)	(1,031,717)	(0.12)	)%
<b>Total Semiconductor and Other Electronic Component Manufacturing</b>		<b>13,253,603</b>	<b>13,822,775</b>		
<b>Software Publishers (6.91%)</b>					
<b>Acronis International GmbH, 1st Lien Term Loan, LIBOR + 9.5% (Q), 1% LIBOR Floor, due 2/21/17 - Switzerland <sup>(10)</sup></b>					
	\$13,628,929	13,363,718	13,676,630	1.62	%
<b>BlackLine Systems, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 0.4% (Q)</b>					
	\$12,818,762	12,050,059	12,440,609	1.48	%
<b>Deltek, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 8.75% (Q), 1.25% LIBOR Floor, due 10/10/19</b>					
	\$15,000,000	14,811,452	15,324,975	1.82	%
<b>Edmentum, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.75% (Q), 1.5% LIBOR Floor, due 5/17/19</b>					
	\$16,500,000	16,271,792	16,788,750	1.99	%
<b>Total Software Publishers</b>		<b>56,497,021</b>	<b>58,230,964</b>		
<b>Specialty Hospitals (0.59%)</b>					
<b>UBC Healthcare Analytics, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 9% (Q), 1% LIBOR Floor, due 7/1/18</b>					
	\$4,933,947	4,909,278	4,958,617	0.59	%
<b>Support Activities for Mining (0.00%)</b>					
<b>McDermott International, Inc., Bridge Facility Commitment</b>					
	\$-	-	-	-	



TCP Capital Corp.

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

March 31, 2014

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

Investment	Principal Amount or Shares	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)					
Textile Furnishings Mills (1.96%)					
Lexmark Carpet Mills, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 10% (Q), 1% LIBOR Floor, due 9/30/18	\$16,351,467	\$15,942,680	\$16,523,158	1.96	%
Wired Telecommunications Carriers (1.83%)					
Integra Telecom Holdings, Inc., 2nd Lien Term Loan, LIBOR + 8.5% (Q), 1.25% LIBOR Floor, due 2/22/20	\$15,000,000	14,709,735	15,390,000	1.83	%
Wireless Telecommunications Carriers (3.84%)					
Alpheus Communications, LLC, Senior Secured 1st Lien Delayed Draw FILO Term Loan, LIBOR + 6.92% (Q), 1% LIBOR Floor, due 5/31/18 <sup>(13)</sup>	\$-	(11,183 )	(7,874 )	-	
Alpheus Communications, LLC, Senior Secured 1st Lien FILO Term Loan, LIBOR + 6.92% (Q), 1% LIBOR Floor, due 5/31/18	\$8,248,124	8,166,127	8,190,387	0.97	%
Globalive Wireless Management Corp., Senior Secured 1st Lien Term Loan, LIBOR + 10.9% (Q), due 4/30/14 - (Canada) <sup>(10)</sup>	\$3,037,292	2,933,872	3,067,665	0.36	%
Gogo, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 9.75% (Q), 1.5% LIBOR Floor, due 6/21/17	\$19,461,356	18,587,291	21,115,572	2.51	%
Total Wireless Telecommunications Carriers		29,676,107	32,365,750		
Total Bank Debt		636,810,398	643,577,280		

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Other Corporate Debt Securities (16.51%)					
Artificial Synthetic Fibers and Filaments Manufacturing (1.10%)					
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16 <sup>(2), (5)</sup>	\$9,268,000	7,586,317	9,268,000	1.10	%
Beverage Manufacturing (1.00%)					
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18 <sup>(5)</sup>	\$7,780,000	7,780,000	8,441,300	1.00	%
Data Processing, Hosting, and Related Services (0.90%)					
The Telx Group, Inc., Senior Unsecured Notes, 10% Cash + 2% PIK, due 9/26/19 <sup>(5)</sup>	\$7,098,916	6,960,435	7,560,346	0.90	%
Fabricated Metal Product Manufacturing (1.31%)					
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16 <sup>(5), (7)</sup>	\$12,500,000	12,322,875	11,000,000	1.31	%
Lessors of Real Estate (1.60%)					
Hunt Companies, Inc., Senior Secured Notes, 9.625%, due 3/1/21 <sup>(5)</sup>	\$13,084,000	12,922,359	13,476,520	1.60	%
Nondepository Credit Intermediation (3.07%)					
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19 - (Cayman Islands) <sup>(5), (8), (10)</sup>	\$10,000,000	9,829,350	10,850,000	1.29	%
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18 <sup>(5), (10)</sup>	\$15,084,000	15,084,000	15,084,000	1.78	%
Total Nondepository Credit Intermediation		24,913,350	25,934,000		
Plastics Products Manufacturing (1.72%)					
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18 <sup>(5)</sup>	\$13,600,000	13,600,000	14,478,995	1.72	%
Retail (0.01%)					
Shop Holding LLC, Convertible Promissory Note, 5%, due 8/5/15 <sup>(5)</sup>	\$73,140	73,140	71,494	0.01	%
Satellite Telecommunications (1.25%)					
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19 <sup>(5), (7), (10)</sup>	\$9,914,000	9,914,000	10,576,999	1.25	%
Scientific Research and Development Services (2.14%)					
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 <sup>(5)</sup>	\$17,200,000	16,536,295	18,060,000	2.14	%
Specialty Hospitals (0.61%)					
Vantage Oncology, LLC, Senior Secured Notes, 9.5%, due 6/15/17 <sup>(5)</sup>	\$5,000,000	5,000,000	5,150,000	0.61	%
Structured Note Funds (1.80%)					

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Magnolia Finance V plc, Asset-Backed Credit Linked  
Notes, 13.125%,  
due 8/2/21 - (Cayman Islands) <sup>(5)</sup>, <sup>(10)</sup>

\$15,000,000 15,000,000 15,147,000 1.80 %

Total Other Corporate Debt Securities

132,608,771 139,164,654

Total Debt Investments

769,419,169 782,741,934

TCP Capital Corp.

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

March 31, 2014

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

Investment	Shares	Cost	Fair Value	Percent of Cash and Investments	
Equity Securities (3.91%)					
Business Support Services (0.26%)					
Findly Talent, LLC, Membership Units <sup>(3), (5)</sup>	708,229	\$230,938	\$162,185	0.02	%
STG-Fairway Holdings, LLC, Class A Units <sup>(3), (5)</sup>	841,479	943,287	1,990,939	0.24	%
Total Business Support Services		1,174,225	2,153,124		
Communications Equipment Manufacturing (0.59%)					
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units <sup>(2), (3), (5)</sup>	5,000,000	5,000,000	5,000,000	0.59	%
Data Processing, Hosting, and Related Services (0.11%)					
Anacomp, Inc., Class A Common Stock <sup>(3), (5), (6)</sup>	1,255,527	26,711,048	891,424	0.11	%
Depository Credit Intermediation (0.06%)					
Doral Financial Corporation, Common Stock - (Puerto Rico) <sup>(3), (12)</sup>	53,890	11,699,417	467,763	0.06	%
Financial Investment Activities (0.00%)					
Marsico Holdings, LLC, Common Interest Units <sup>(3), (5), (11)</sup>	168,698	172,694	25,305	-	
Full-Service Restaurants (0.00%)					
RM Holdco, LLC, Membership Units <sup>(2), (3), (5)</sup>	13,161,000	2,010,777	-	-	
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing (0.00%)					
Precision Holdings, LLC, Class C Membership Interests <sup>(3), (5)</sup>	33	-	7,397	-	
Nonmetallic Mineral Mining and Quarrying (0.19%)					

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EPMC HoldCo, LLC, Membership Units <sup>(2), (5)</sup>	1,312,720	-	1,562,137	0.19	%
Nonscheduled Air Transportation (0.17%)					
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	1,843	1,274,000	1,412,078	0.17	%
Radio and Television Broadcasting (0.04%)					
SiTV, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	233,470	300,322	357,209	0.04	%
Retail (0.06%)					
Shop Holding, LLC, Class A Units <sup>(3), (5)</sup>	507,167	480,049	476,628	0.06	%
Shop Holding, LLC, Warrants to Purchase Class A Units <sup>(3), (5)</sup>	326,691	-	17,834	-	
Total Electronic Shopping		480,049	494,462		
Scheduled Air Transportation (1.11%)					
Equipment Trusts - Aircraft Leased to Delta Air Lines, Inc.					
N913DL Trust Beneficial Interests <sup>(5), (6)</sup>	795	94,231	123,930	0.01	%
N918DL Trust Beneficial Interests <sup>(5), (6)</sup>	673	105,629	141,270	0.02	%
N954DL Trust Beneficial Interests <sup>(5), (6)</sup>	636	126,797	69,190	0.01	%
N955DL Trust Beneficial Interests <sup>(5), (6)</sup>	618	127,179	112,710	0.01	%
N956DL Trust Beneficial Interests <sup>(5), (6)</sup>	623	118,190	108,290	0.01	%
N957DL Trust Beneficial Interests <sup>(5), (6)</sup>	618	128,014	109,140	0.01	%
N959DL Trust Beneficial Interests <sup>(5), (6)</sup>	614	128,843	109,990	0.01	%
N960DL Trust Beneficial Interests <sup>(5), (6)</sup>	602	132,148	109,140	0.01	%
N961DL Trust Beneficial Interests <sup>(5), (6)</sup>	610	131,332	103,700	0.01	%
N976DL Trust Beneficial Interests <sup>(5), (6)</sup>	709	108,697	102,862	0.01	%
Equipment Trusts - Aircraft Leased to United Airlines, Inc.					
N510UA Trust Beneficial Interests <sup>(2), (5)</sup>	56	211,477	453,896	0.05	%
N512UA Trust Beneficial Interests <sup>(2), (5)</sup>	56	206,766	446,071	0.05	%
N536UA Trust Beneficial Interests <sup>(2), (5)</sup>	86	424,460	526,943	0.06	%
N545UA Trust Beneficial Interests <sup>(2), (5)</sup>	71	371,557	632,959	0.08	%
N585UA Trust Beneficial Interests <sup>(2), (5)</sup>	56	229,521	465,546	0.06	%
United N659UA-767, LLC (N659UA) <sup>(5), (6)</sup>	439	2,197,988	2,950,833	0.35	%
United N661UA-767, LLC (N661UA) <sup>(5), (6)</sup>	426	2,161,205	2,961,015	0.35	%
Total Scheduled Air Transportation		7,004,034	9,527,485		
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing (0.09%)					
KAGY Holding Company, Inc., Series A Preferred Stock <sup>(2), (3), (5)</sup>	9,778	1,091,200	721,467	0.09	%
Semiconductor and Other Electronic Component Manufacturing (0.03%)					
AIP/IS Holdings, LLC, Membership Units <sup>(3), (5)</sup>	352	-	229,504	0.03	%
Software Publishers (0.06%)					
SLS Breeze Intermediate Holdings, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	1,232,731	522,678	530,074	0.06	%



TCP Capital Corp.

Consolidated Statement of Investments (Unaudited) (Continued)

March 31, 2014

Showing Percentage of Total Cash and Investments of the Company

Investment	Shares	Cost	Fair Value	Percent of Cash and Investments	
Equity Securities (continued)					
Wired Telecommunications Carriers (1.14%)					
Integra Telecom, Inc., Common Stock <sup>(3), (5)</sup>	1,274,522	\$ 8,433,884	\$ 5,586,951	0.67	%
Integra Telecom, Inc., Warrants <sup>(3), (5)</sup>	346,939	19,920	186,275	0.02	%
V Telecom Investment S.C.A., Common Shares - (Luxembourg) <sup>(3), (4), (5), (10)</sup>	1,393	3,236,256	3,763,159	0.45	%
Total Wired Telecommunications Carriers		11,690,060	9,536,385		
Total Equity Securities		69,130,504	32,915,814		
Total Investments		838,549,673	815,657,748		
Cash and Cash Equivalents (3.22%)					
Wells Fargo & Company, Overnight Repurchase Agreement, 0.03%, Collateralized by Freddie Mac Note					
Union Bank of California, Commercial Paper, 0.10%, due 4/1/14			\$ 16,373,605	1.95	%
Cash Denominated in Foreign Currencies			6,000,000	0.71	%
Cash Held on Account at Various Institutions			121,879	0.01	%
Cash and Cash Equivalents			4,645,952	0.55	%
			27,141,436		
<b>Total Cash and Investments <sup>(9)</sup></b>			<b>\$ 842,799,184</b>	<b>100.00</b>	<b>%</b>

*Notes to Statement of Investments:*

Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to (1) 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 (2) 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.

(3) Non-income producing security.

(4) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)

(5) Restricted security. (See Note 2)

Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the (6) 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.

(7) Investment has been segregated to collateralize certain unfunded commitments.

(8) \$5,000,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.

(9) All cash and investments, except those referenced in Notes 7 and 8 above, are pledged as collateral under the Revolving Facilities as described in Note 4 to the Consolidated Financial Statements.

Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under (10) 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.

Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a (11) result 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.

(12) Publicly traded company with a market capitalization greater than \$250 million and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may

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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.

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

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

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$110,386,498, and \$66,876,929, respectively for the three months ended March 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 March 31, 2014 was \$815,189,985, or 96.7% of total cash and investments of the Company.

Options and Swaps at March 31, 2014 were as follows:

Investment	Notional Amount	Fair Value
Interest Rate Cap, 4%, expires 5/15/2016	\$25,000,000	\$8,605
Euro/US Dollar Cross-Currency Basis Swap, Pay Euros/Receive USD, Expires 3/31/17	\$4,289,019	\$(300,684)

*See accompanying notes.*

TCP Capital Corp.

## Consolidated Statement of Investments

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (92.05%)					
<b>Bank Debt (74.53%) (1)</b>					
Accounting, Tax Preparation, Bookkeeping, and Payroll Services (1.03%)					
Expert Global Solutions, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 7.25% (Q), 1.25% LIBOR Floor, due 4/3/18					
	\$699,754	\$701,280	\$703,691	0.09	%
Expert Global Solutions, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 11% (Q), 1.5% LIBOR Floor, due 10/3/18					
	\$7,434,877	7,228,004	7,382,833	0.94	%
Total Accounting, Tax Preparation, Bookkeeping, and Payroll Services					
		7,929,284	8,086,524		
Advertising, Public Relations, and Related Services (2.12%)					
Doubleplay III Limited, Senior Secured 1st Lien Facility A1 Term Loan, EURIBOR + 6.25% (Q), 1.25% EURIBOR Floor, due 3/18/18 - (United Kingdom) (4), (10)					
	\$13,165,705	16,428,630	16,736,606	2.12	%
Artificial Synthetic Fibers and Filaments Manufacturing (0.26%)					
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16 (2)					
	\$2,056,927	2,056,927	2,056,927	0.26	%
Business Support Services (1.89%)					
STG-Fairway Acquisitions, Inc., Senior Secured 2nd Lien Term Loan,					

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LIBOR + 9.25% (Q), 1.25% LIBOR Floor, due 8/28/19	\$14,643,455	13,944,123	14,929,002	1.89	%
Chemical Manufacturing (2.20%)					
Archroma, Senior Secured Lien Term Loan B, LIBOR + 8.25% (Q), 1.25% LIBOR Floor, due 9/30/18	\$17,456,250	17,107,125	17,401,699	2.20	%
Communications Equipment Manufacturing (1.91%)					
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625% (Q), 1.25% LIBOR Floor, due 12/11/18 <sup>(2)</sup>	\$15,000,000	14,850,000	15,097,500	1.91	%
Computer Equipment Manufacturing (1.15%)					
ELO Touch Solutions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 10.5% (Q), 1.5% LIBOR Floor, due 12/1/18	\$10,000,000	9,666,672	9,100,000	1.15	%
Converted Paper Products Manufacturing (0.45%)					
Ranpak Corp., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25% (Q), 1.25% LIBOR Floor, due 4/23/20	\$3,469,573	3,434,877	3,573,660	0.45	%
Computer Systems Design and Related Services (5.40%)					
Blue Coat Systems, Inc., Senior Secured 1st Lien Revolver Term Loan, LIBOR + 3.5% (Q), 1% LIBOR Floor, due 5/31/18	\$4,500,000	3,540,000	4,060,800	0.51	%
Blue Coat Systems, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 8.5% (Q), 1% LIBOR Floor, due 6/28/20	\$15,000,000	14,878,125	15,300,000	1.94	%
OnX Enterprise Solutions, Ltd., Senior Secured 1st Lien Term Loan, LIBOR + 7% (Q), due 9/3/18	\$10,640,000	10,483,300	10,709,160	1.36	%
OnX USA, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7% (Q), due 9/3/18	\$5,320,000	5,244,790	5,354,580	0.68	%
Websense, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 7.25% (Q), 1% LIBOR Floor, due 12/27/20	\$7,200,000	7,164,000	7,218,000	0.91	%
Total Computer Systems Design and Related Services		41,310,215	42,642,540		
Electric Power Generation, Transmission and Distribution (2.21%)					
Panda Sherman Power, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7.5% (Q), 1.5% LIBOR Floor, due 9/14/18	\$11,070,172	10,932,474	11,402,277	1.44	%
Panda Temple Power II, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 6% (Q), 1.25% LIBOR Floor, due 4/3/19	\$5,892,970	5,834,041	6,069,759	0.77	%
Total Electric Power Generation, Transmission and Distribution		16,766,515	17,472,036		

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Electrical Equipment and Component Manufacturing  
(2.08%)

Palladium Energy, Inc., 1st Lien Senior Secured Term  
Loan, LIBOR + 9% (Q),  
1% LIBOR Floor, due 12/26/17

\$16,500,317	16,225,541	16,426,066	2.08	%
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Financial Investment Activities (0.49%)

Marsico Capital Management, Senior Secured 1st Lien  
Term Loan,  
LIBOR + 5% (M), due 12/31/22 <sup>(11)</sup>

\$10,637,623	13,394,183	3,882,732	0.49	%
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Freight Transportation Arrangement (0.48%)

Livingston International, Inc., 2nd Lien Term Loan, LIBOR  
+ 7.75% (Q),  
1.25% LIBOR Floor, due 4/18/20 <sup>(10)</sup>

\$3,665,217	3,597,620	3,756,848	0.48	%
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TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

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

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)					
Full-Service Restaurants (2.04%)					
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18 <sup>(2)</sup>	\$5,164,796	\$5,164,796	\$2,197,621	0.28	%
RM OpCo, LLC, Convertible 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$1,370,199	1,339,883	1,370,199	0.17	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/21/16 <sup>(2)</sup>	\$3,626,947	3,626,947	3,626,947	0.46	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$6,825,328	6,825,328	6,825,328	0.86	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B-1, 12% Cash + 7% PIK, due 3/21/16 <sup>(2)</sup>	\$2,150,088	2,109,019	2,150,088	0.27	%
Total Full-Service Restaurants		19,065,973	16,170,183		
Gaming Industries (1.87%)					
AP Gaming I, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 8.25% (Q), 1% LIBOR Floor, due 12/20/20	\$15,000,000	14,550,000	14,737,500	1.87	%
Grocery Stores (1.91%)					
Bashas, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 9.35% (M), 1.5% LIBOR Floor, due 12/28/15	\$14,843,788	14,802,168	15,066,445	1.91	%
Inland Water Transportation (1.64%)					

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US Shipping Corp, Senior Secured 1st Lien Term Loan B, LIBOR + 7.75% (Q), 1.25% LIBOR Floor, due 4/30/18	\$12,603,333	12,477,300	12,965,679	1.64	%
Insurance Related Activities (0.81%)					
Confie Seguros Holding II Co., 2nd Lien Term Loan, LIBOR + 9% (M), 1.25% LIBOR Floor, due 5/8/19	\$6,341,809	6,245,733	6,391,370	0.81	%
Merchant Wholesalers (1.16%)					
Envision Acquisition Company, LLC, 2nd Lien Term Loan, LIBOR + 8.75% (M), 1% LIBOR Floor, due 11/4/21	\$9,079,011	8,897,430	9,192,498	1.16	%
Motion Picture and Video Industries (1.97%)					
CORE Entertainment, Inc., Senior Secured 1st Lien Term Loan, 9%, due 6/21/17	\$9,462,231	9,381,116	8,610,631	1.09	%
CORE Entertainment, Inc., Senior Secured 2nd Lien Term Loan, 13.5%, due 6/21/18	\$7,569,785	7,502,054	6,858,225	0.88	%
Total Motion Picture and Video Industries		16,883,170	15,468,856		
Newspaper, Periodical, Book, and Directory Publishers (3.90%)					
Hanley-Wood, LLC, 1st Lien FILO Term Loan, LIBOR + 6.75% (Q), 1.25% LIBOR Floor, due 7/15/18	\$16,707,600	16,707,600	16,699,246	2.13	%
MediMedia USA, Inc., 1st Lien Revolver, LIBOR + 6.75% (M), due 5/20/18	\$4,960,000	3,797,500	4,523,908	0.57	%
MediMedia USA, Inc., 1st Lien Term Loan, LIBOR + 6.75% (M), 1.25% LIBOR Floor, due 11/20/18	\$9,701,250	9,433,029	9,458,719	1.20	%
Total Newspaper, Periodical, Book, and Directory Publishers		29,938,129	30,681,873		
Nonresidential Building Construction (1.25%)					
NCM Group Holdings, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 11.5% (Q), 1% LIBOR Floor, due 8/29/18	\$10,000,000	9,620,619	9,875,000	1.25	%
Nonscheduled Air Transportation (2.24%)					
One Sky Flight, LLC, Senior Secured 2nd Lien Term Loan, 12% Cash + 3% PIK, due 5/4/19	\$18,200,000	16,929,086	17,708,600	2.24	%
Oil and Gas Extraction (1.98%)					
Willbros Group, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 9.75% (Q), 1.25% LIBOR Floor, due 8/7/19	\$15,426,118	15,051,713	15,657,510	1.98	%
Other Telecommunications (1.76%)					
Securus Technologies, Inc., 2nd Lien Term Loan, LIBOR + 7.75% (Q), 1.25% LIBOR					

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Floor, due 4/30/21	\$14,000,000	13,860,000	13,925,660	1.76	%
Petroleum and Coal Products Manufacturing (0.95%)					
Boomerang Tube, LLC, 2nd Lien Term Loan, LIBOR + 9.5% (Q), 1.5% LIBOR Floor, due 10/11/17	\$7,749,023	7,563,978	7,477,807	0.95	%
Professional, Scientific, and Technical Services (3.14%)					
Connolly, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 9.25% (Q), 1.25% LIBOR Floor, due 7/15/19	\$12,000,000	11,829,534	12,270,000	1.55	%
ConvergeOne Holdings, 1st Lien Term Loan, LIBOR + 8% (Q), 1.25% LIBOR Floor, due 5/8/19	\$12,654,643	12,464,823	12,570,236	1.59	%
Total Professional, Scientific, and Technical Services		24,294,357	24,840,236		
Promoters of Performing Arts, Sports, and Similar Events (1.40%)					
Stadium Management Group, Senior Secured 2nd Lien Term Loan, LIBOR + 9.50% (M), 1.25% LIBOR Floor, due 12/7/18	\$11,000,000	10,817,390	11,055,000	1.40	%

TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

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

Investment	Principal Amount	Cost	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)					
Radio and Television Broadcasting (3.09%)					
SiTV, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6% (Q) Cash + 4% PIK, 2% LIBOR Floor, due 8/3/16	\$6,995,124	\$6,648,634	\$6,774,778	0.86	%
The Tennis Channel, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 8.5% (Q), due 5/29/17	\$17,589,459	17,134,705	17,615,843	2.23	%
Total Radio and Television Broadcasting		23,783,339	24,390,621		
Retail (2.29%)					
Kenneth Cole Productions, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 10.40% (M), 1% LIBOR Floor, due 9/25/17					
Shopzilla, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.5% (Q), due 3/31/16	\$11,272,727	11,051,496	11,329,090	1.44	%
	\$6,710,057	6,525,027	6,683,216	0.85	%
Total Retail		17,576,523	18,012,306		
Scheduled Air Transportation (1.60%)					
Aircraft Secured Mortgages - Aircraft Leased to Delta Air Lines, Inc.					
N913DL, 8%, due 3/15/17 <sup>(6)</sup>	\$289,048	289,048	296,820	0.04	%
N918DL, 8%, due 8/15/18 <sup>(6)</sup>	\$388,001	388,001	397,290	0.05	%
N954DL, 8%, due 3/20/19 <sup>(6)</sup>	\$514,375	514,375	524,620	0.07	%
N955DL, 8%, due 6/20/19 <sup>(6)</sup>	\$533,283	533,283	543,320	0.07	%
N956DL, 8%, due 5/20/19 <sup>(6)</sup>	\$532,275	532,275	542,640	0.07	%
N957DL, 8%, due 6/20/19 <sup>(6)</sup>	\$537,947	537,947	548,250	0.07	%
N959DL, 8%, due 7/20/19 <sup>(6)</sup>	\$543,573	543,573	553,520	0.07	%
N960DL, 8%, due 10/20/19 <sup>(6)</sup>	\$564,855	564,855	574,430	0.07	%

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N961DL, 8%, due 8/20/19 <sup>(6)</sup>	\$558,427	558,427	568,310	0.07	%
N976DL, 8%, due 2/15/18 <sup>(6)</sup>	\$394,360	394,360	404,600	0.05	%
Aircraft Secured Mortgages - Aircraft Leased to United Airlines, Inc.					
N510UA, 20%, due 10/26/16 <sup>(2)</sup>	\$328,848	328,848	404,605	0.05	%
N512UA, 20%, due 10/26/16 <sup>(2)</sup>	\$334,535	334,535	414,010	0.05	%
N536UA, 16%, due 9/29/14 <sup>(2)</sup>	\$108,845	108,845	114,000	0.01	%
N545UA, 16%, due 8/29/15 <sup>(2)</sup>	\$249,695	249,695	275,405	0.03	%
N585UA, 20%, due 10/25/16 <sup>(2)</sup>	\$392,794	392,794	486,115	0.06	%
N659UA, 12%, due 2/28/16 <sup>(6)</sup>	\$2,708,150	2,708,150	2,948,986	0.37	%
N661UA, 12%, due 5/4/16 <sup>(6)</sup>	\$2,880,186	2,880,186	3,171,026	0.40	%
Total Scheduled Air Transportation		11,859,197	12,767,947		
Semiconductor and Other Electronic Component Manufacturing (1.87%)					
Isola USA Corporation, Senior Secured Term Loan B, LIBOR + 8.25% (Q), 1% LIBOR Floor, due 11/29/18					
	\$14,583,333	14,366,560	14,729,167	1.87	%
Software Publishers (7.13%)					
BlackLine Systems, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 0.4% (Q)					
Cash + 7.6% PIK, 1.5% LIBOR Floor, due 9/25/18	\$12,579,747	11,811,044	12,183,485	1.56	%
Coreone Technologies, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 3.75% (Q)					
Cash + 5% PIK, 1% LIBOR Floor, due 9/4/18	\$13,556,801	13,243,533	13,455,125	1.72	%
Delttek, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 8.75% (Q), 1.25% LIBOR Floor, due 10/10/19					
	\$15,000,000	14,805,253	15,300,000	1.94	%
Edmentum, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 9.75% (Q), 1.5% LIBOR Floor, due 5/17/19					
	\$15,000,000	14,748,486	15,112,500	1.91	%
Total Software Publishers		54,608,316	56,051,110		
Specialty Hospitals (0.70%)					
UBC Healthcare Analytics, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 9% (Q), 1% LIBOR Floor, due 7/1/18					
	\$5,526,021	5,498,391	5,559,177	0.70	%
Textile Furnishings Mills (2.08%)					
Lexmark Carpet Mills, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 10% (Q), 1% LIBOR Floor, due 9/30/18					
	\$16,351,467	15,942,680	16,392,346	2.08	%
Wired Telecommunications Carriers (1.96%)					
Integra Telecom Holdings, Inc., 2nd Lien Term Loan, LIBOR + 8.5% (Q), 1.25% LIBOR Floor, due 2/22/20					
	\$15,000,000	14,701,027	15,459,375	1.96	%

TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

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

Investment	Principal Amount or Shares	Cost	Fair Value	Percent of Cash and Investments
Debt Investments (continued)				
Wireless Telecommunications Carriers (4.12%)				
Alpheus Communications, LLC, Senior Secured 1st Lien Delayed Draw FILO Term Loan, LIBOR + 6.92% (Q), 1% LIBOR Floor, due 5/31/18 <sup>(13)</sup>				
	\$—	\$(11,183	\$(8,437	) -
Alpheus Communications, LLC, Senior Secured 1st Lien FILO Term Loan, LIBOR + 6.92% (Q), 1% LIBOR Floor, due 5/31/18				
	\$8,248,124	8,166,127	8,186,263	1.04 %
Globalive Wireless Management Corp., Senior Secured 1st Lien Term Loan, LIBOR + 10.9% (Q), due 4/30/14 - (Canada) <sup>(10)</sup>				
	\$3,037,292	2,933,872	3,067,665	0.39 %
Gogo, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 9.75% (Q), 1.5% LIBOR Floor, due 6/21/17				
	\$19,587,428	18,707,700	21,252,360	2.69 %
Total Wireless Telecommunications Carriers		29,796,516	32,497,851	
Total Bank Debt		585,841,307	588,236,257	
Other Corporate Debt Securities (17.52%)				
Architectural, Engineering, and Related Services (1.01%)				
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19 <sup>(2), (5)</sup>				
	\$7,959,369	7,959,369	7,959,369	1.01 %
Artificial Synthetic Fibers and Filaments Manufacturing (1.17%)				

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AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16 <sup>(2), (5)</sup>	\$9,268,000	7,586,317	9,268,000	1.17	%
Beverage Manufacturing (1.04%)					
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18 <sup>(5)</sup>	\$7,780,000	7,780,000	8,207,900	1.04	%
Data Processing, Hosting, and Related Services (0.97%)					
The Telx Group, Inc., Senior Unsecured Notes, 10% Cash + 2% PIK, due 9/26/19 <sup>(5)</sup>	\$7,098,916	6,960,435	7,631,335	0.97	%
Fabricated Metal Product Manufacturing (1.38%)					
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16 <sup>(5), (7)</sup>	\$12,500,000	12,322,875	10,875,000	1.38	%
Metal Ore Mining (0.78%)					
St Barbara Ltd., 1st Priority Senior Secured Notes, 8.875%, due 4/15/18 - (Australia) <sup>(5)</sup>	\$7,359,000	7,326,651	6,144,765	0.78	%
Nondepository Credit Intermediation (3.25%)					
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19 - (Cayman Islands) <sup>(5), (10)</sup>	\$10,000,000	9,824,072	10,700,000	1.35	%
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18 <sup>(5), (10)</sup>	\$15,000,000	15,000,000	14,962,500	1.90	%
Total Nondepository Credit Intermediation		24,824,072	25,662,500		
Plastics Products Manufacturing (1.83%)					
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18 <sup>(5)</sup>	\$13,600,000	13,600,000	14,426,622	1.83	%
Satellite Telecommunications (1.31%)					
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19 <sup>(5), (8), (10)</sup>	\$9,914,000	9,914,000	10,335,345	1.31	%
Scientific Research and Development Services (2.23%)					
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 <sup>(5)</sup>	\$17,200,000	16,536,295	17,630,000	2.23	%
Specialty Hospitals (0.65%)					
Vantage Oncology, LLC, Senior Secured Notes, 9.5%, due 6/15/17 <sup>(5)</sup>	\$5,000,000	5,000,000	5,137,500	0.65	%
Structured Note Funds (1.90%)					
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21 - (Cayman Islands) <sup>(5), (10)</sup>	\$15,000,000	15,000,000	15,000,000	1.90	%
Total Other Corporate Debt Securities		134,810,014	138,278,336		
Total Debt Investments		720,651,321	726,514,593		

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Equity Securities (5.04%)

Architectural, Engineering, and Related Services

(0.87%)

ESP Holdings, Inc., Cumulative Preferred 15% <sup>(2), (3), (5)</sup>	20,297	2,249,930	3,947,862	0.51	%
ESP Holdings, Inc., Common Stock <sup>(2), (3), (5)</sup>	88,670	9,311,782	2,856,346	0.36	%
Total Architectural, Engineering, and Related Services		11,561,712	6,804,208		

Business Support Services (0.22%)

STG-Fairway Holdings, LLC, Class A Units <sup>(3), (5)</sup>	841,479	1,174,225	1,722,508	0.22	%
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TCP Capital Corp.

## Consolidated Statement of Investments (Continued)

December 31, 2013

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

Investment	Shares	Cost	Fair Value	Percent of Cash and Investments	
Equity Securities (continued)					
Communications Equipment Manufacturing (0.64%)					
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units <sup>(2), (3), (5)</sup>	5,000,000	\$5,000,000	\$5,000,000	0.64	%
Data Processing, Hosting, and Related Services (0.13%)					
Anacomp, Inc., Class A Common Stock <sup>(3), (5), (6)</sup>	1,255,527	26,711,048	1,004,422	0.13	%
Depository Credit Intermediation (0.11%)					
Doral Financial Corporation, Common Stock - (Puerto Rico) <sup>(3), (12)</sup>	53,890	11,699,417	843,913	0.11	%
Financial Investment Activities (0.00%)					
Marsico Holdings, LLC, Common Interest Units <sup>(3), (5), (11)</sup>	168,698	172,694	4,302	-	
Full-Service Restaurants (0.00%)					
RM Holdco, LLC, Membership Units <sup>(2), (3), (5)</sup>	13,161,000	2,010,777	-	-	
Machine Shops; Turned Product; and Screw, Nut, and Bolt Manufacturing (0.01%)					
Precision Holdings, LLC, Class C Membership Interests <sup>(3), (5)</sup>	33	-	41,645	0.01	%
Nonmetallic Mineral Mining and Quarrying (0.20%)					
EPMC HoldCo, LLC, Membership Units <sup>(2), (5)</sup>	1,312,720	-	1,562,137	0.20	%
Nonscheduled Air Transportation (0.16%)					
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	1,843	1,274,000	1,268,904	0.16	%

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Radio and Television Broadcasting (0.04%)					
SiTV, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	233,470	300,322	354,874	0.04	%
Retail (0.07%)					
Shop Holding, LLC, Class A Units <sup>(3), (5)</sup>	490,037	462,576	532,919	0.07	%
Shop Holding, LLC, Warrants to Purchase Class A Units <sup>(3), (5)</sup>	326,691	-	38,258	-	
Total Electronic Shopping		462,576	571,177		
Scheduled Air Transportation (1.19%)					
Equipment Trusts - Aircraft Leased to Delta Air Lines, Inc.					
N913DL Trust Beneficial Interests <sup>(5), (6)</sup>	727	97,376	125,970	0.02	%
N918DL Trust Beneficial Interests <sup>(5), (6)</sup>	623	109,938	142,970	0.02	%
N954DL Trust Beneficial Interests <sup>(5), (6)</sup>	591	133,027	68,000	0.01	%
N955DL Trust Beneficial Interests <sup>(5), (6)</sup>	576	133,868	113,560	0.01	%
N956DL Trust Beneficial Interests <sup>(5), (6)</sup>	580	133,907	108,800	0.01	%
N957DL Trust Beneficial Interests <sup>(5), (6)</sup>	576	134,785	109,650	0.01	%
N959DL Trust Beneficial Interests <sup>(5), (6)</sup>	573	135,658	110,500	0.01	%
N960DL Trust Beneficial Interests <sup>(5), (6)</sup>	563	139,173	109,650	0.01	%
N961DL Trust Beneficial Interests <sup>(5), (6)</sup>	570	138,350	103,870	0.01	%
N976DL Trust Beneficial Interests <sup>(5), (6)</sup>	654	113,413	103,033	0.01	%
Equipment Trusts - Aircraft Leased to United Airlines, Inc.					
N510UA Trust Beneficial Interests <sup>(2), (5)</sup>	54	197,409	465,625	0.06	%
N512UA Trust Beneficial Interests <sup>(2), (5)</sup>	53	193,046	458,277	0.06	%
N536UA Trust Beneficial Interests <sup>(2), (5)</sup>	81	396,289	656,766	0.08	%
N545UA Trust Beneficial Interests <sup>(2), (5)</sup>	67	348,071	641,840	0.08	%
N585UA Trust Beneficial Interests <sup>(2), (5)</sup>	53	214,737	571,706	0.07	%
United N659UA-767, LLC (N659UA) <sup>(5), (6)</sup>	412	2,097,640	2,840,323	0.36	%
United N661UA-767, LLC (N661UA) <sup>(5), (6)</sup>	400	2,066,062	2,852,677	0.36	%
Total Scheduled Air Transportation		6,782,749	9,583,217		
Resin, Synthetic Rubber, and Artificial Synthetic Fibers and Filaments Manufacturing (0.08%)					
KAGY Holding Company, Inc., Series A Preferred Stock <sup>(2), (3), (5)</sup>	9,778	1,091,200	662,134	0.08	%
Semiconductor and Other Electronic Component Manufacturing (0.03%)					
AIP/IS Holdings, LLC, Membership Units <sup>(3), (5)</sup>	352	-	229,504	0.03	%
Software Publishers (0.07%)					
SLS Breeze Intermediate Holdings, Inc., Warrants to Purchase Common Stock <sup>(3), (5)</sup>	1,232,731	522,678	561,632	0.07	%

TCP Capital Corp.

Consolidated Statement of Investments (Continued)

December 31, 2013

Showing Percentage of Total Cash and Investments of the Company

Investment	Shares	Cost	Fair Value	Percent of Cash and Investments	
Equity Securities (continued)					
Wired Telecommunications Carriers (1.22%)					
Integra Telecom, Inc., Common Stock <sup>(3), (5)</sup>	1,274,522	\$8,433,884	\$5,583,686	0.72	%
Integra Telecom, Inc., Warrants <sup>(3), (5)</sup>	346,939	19,920	194,050	0.02	%
V Telecom Investment S.C.A, Common Shares - (Luxembourg) <sup>(3), (4), (5), (10)</sup>	1,393	3,236,256	3,756,053	0.48	%
Total Wired Telecommunications Carriers		11,690,060	9,533,789		
Total Equity Securities		80,453,458	39,748,366		
Total Investments		801,104,779	766,262,959		
Cash and Cash Equivalents (2.91%)					
Wells Fargo & Company, Overnight Repurchase Agreement, 0.09%, Collateralized by Freddie Mac Note			\$10,501,688	1.33	%
Union Bank of California, Commercial Paper, 0.10%, due 1/2/14			8,499,976	1.07	%
Cash Denominated in Foreign Currencies			121,389	0.02	%
Cash Held on Account at Various Institutions			3,861,129	0.49	%
Cash and Cash Equivalents			22,984,182		
<b>Total Cash and Investments <sup>(9)</sup></b>			<b>\$789,247,141</b>	<b>100.00</b>	<b>%</b>

*Notes to Statement of Investments:*

Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to  
(1) 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  
(2) 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.

(3) Non-income producing security.

(4) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)

(5) Restricted security. (See Note 2)

Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the  
(6) 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.

(7) Investment has been segregated to collateralize certain unfunded commitments.

(8) \$2,000,000 principal amount of this investment has been segregated to collateralize certain unfunded commitments.

(9) All cash and investments, except those referenced in Notes 7 and 8 above, are pledged as collateral under the Revolving Facilities as described in Note 4 to the Consolidated Financial Statements.

Non-U.S. company or principal place of business outside the U.S. and as a result is not a qualifying asset under  
(10) 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.

Excepted from the definition of investment company under Section 3(c) of the Investment Company Act and as a  
(11) result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.

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Publicly traded company with a market capitalization greater than \$250 million and as a result is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may (12) 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.

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

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

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

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

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

*See accompanying notes.*

TCP Capital Corp.

## Consolidated Statements of Operations

	Three Months Ended March 31,	
	2014	2013
Investment income		
Interest income:		
Companies less than 5% owned	\$ 18,140,743	\$ 15,240,367
Companies 5% to 25% owned	1,336,864	893,512
Companies more than 25% owned	257,627	330,317
Dividend income:		
Companies 5% to 25% owned	1,968,748	-
Other income:		
Companies less than 5% owned	634,733	157,533
Companies 5% to 25% owned	121,039	101,103
Companies more than 25% owned	208,890	142,911
Total investment income	22,668,644	16,865,743
Operating expenses		
Management and advisory fees	2,886,208	1,964,738
Interest expense	456,861	136,407
Amortization of deferred debt issuance costs	372,755	108,564
Administrative expenses	256,806	167,808
Legal fees, professional fees and due diligence expenses	204,156	139,052
Commitment fees	191,199	22,589
Director fees	85,712	71,809
Insurance expense	53,900	36,273
Custody fees	50,807	29,419
Other operating expenses	319,586	192,971
Total operating expenses	4,877,990	2,869,630
Net investment income	17,790,654	13,996,113
Net realized and unrealized gain (loss) on investments and foreign currency		
Net realized gain (loss):		
Investments in companies less than 5% owned	(6,795,721 )	517,658
Investments in companies 5% to 25% owned	375	-
Net realized gain (loss)	(6,795,346 )	517,658
Net change in net unrealized appreciation/depreciation	11,975,364	1,837,731
Net realized and unrealized gain	5,180,018	2,355,389

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Dividends on Series A preferred equity facility	(369,135 )	(393,413 )
Net change in accumulated dividends on Series A preferred equity facility	10,495	16,011
Distributions of incentive allocation to the General Partner from:		
Net investment income	(3,486,403 )	(2,723,742 )
Net change in reserve for incentive allocation	(1,036,004 )	(471,078 )
Net increase in net assets applicable to common shareholders resulting from operations	\$ 18,089,625	\$ 12,779,280
Basic and diluted earnings per common share	\$ 0.50	\$ 0.60
Basic and diluted weighted average common shares outstanding	36,199,917	21,477,628

*See accompanying notes.*

TCP Capital Corp.

## Consolidated Statements of Changes in Net Assets

	Common Stock Shares	Common Stock Par Amount	Paid in Capital in Excess of Par	Accumulated Net Investment Income	Accumulated Net Realized Losses	Accumulated Net Unrealized Depreciation	Non- controlling Interest	Total Assets
Balance at December 31, 2012	21,477,628	\$21,478	\$444,234,060	\$22,526,179	\$(59,023,861 )	\$(91,770,306)	\$-	\$315,9
Issuance of common stock in public offering	14,720,000	14,720	224,548,170	-	-	-	-	224,5
Issuance of common stock from dividend reinvestment plan	2,288	2	37,414	-	-	-	-	37,4
Net investment income	-	-	-	54,330,262	-	-	-	54,3
Realized and unrealized gains (losses)	-	-	-	-	(47,384,746 )	56,456,107	-	9,07
Dividends on Series A preferred equity facility	-	-	-	(1,494,552 )	-	-	-	(1,49
General Partner incentive allocation	-	-	-	(10,567,142)	(645,691 )	-	(1,168,583)	(12,3
Dividends paid to common shareholders	-	-	-	(40,502,256)	-	-	-	(40,5
Tax reclassification of stockholders' equity in accordance with generally accepted	-	-	(977,624 )	(276,396 )	1,254,020	-	-	-

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accounting  
principles

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) \$549,0

Issuance of  
common stock  
in public  
offering

- - - - - - - - -

Issuance of  
common stock  
from dividend  
reinvestment  
plan

104 - 1,717 - - - - 1,717

Net investment  
income

- - - 17,790,654 - - - 17,790,654

Realized and  
unrealized  
gains (losses)

- - - - (6,795,346 ) 11,975,364 - 5,180,014

Dividends on  
Series A  
preferred  
equity facility

- - - (358,640 ) - - - (358,640)

General Partner  
incentive  
allocation

- - - (3,486,403 ) - - (1,036,004) (4,522,407)

Dividends paid  
to common  
shareholders

- - - (13,031,970) - - - (13,031,970)

Balance at

March 31, 2014 \$36,200,020 \$36,200 \$667,843,737 \$24,929,736 \$(112,595,624) \$(23,338,835) \$(2,204,587) \$554,6

*See accompanying notes.*

TCP Capital Corp.

## Consolidated Statements of Cash Flows

	Three Months Ended March 31,	
	2014	2013
Operating activities		
Net increase in net assets applicable to common shareholders resulting from operations	\$ 18,089,625	\$ 12,779,280
Adjustments to reconcile net increase in net assets applicable to common shareholders resulting from operations to net cash (used in) provided by operating activities:		
Net realized loss (gain)	6,795,346	(517,658 )
Net change in unrealized appreciation/depreciation of investments	(11,974,865 )	(1,880,949 )
Dividends paid on Series A preferred equity facility	369,135	393,413
Net change in accumulated dividends on Series A preferred equity facility	(10,495 )	(16,011 )
Net change in reserve for incentive allocation	1,036,004	471,078
Accretion of original issue discount	(551,826 )	(825,555 )
Net accretion of market discount/premium	(178,840 )	(81 )
Interest and dividend income paid in kind	(1,084,557 )	(253,156 )
Amortization of deferred debt issuance costs	372,755	108,564
Changes in assets and liabilities:		
Purchases of investment securities	(109,301,941 )	(40,010,595 )
Proceeds from sales, maturities and paydowns of investments	66,876,929	51,006,153
Increase in accrued interest income - companies less than 5% owned	(1,997,625 )	(2,546,216 )
Increase in accrued interest income - companies 5% to 25% owned	(264,538 )	(4,073 )
Decrease in accrued interest income - companies more than 25% owned	3,172	2,835
Decrease in receivable for investments sold	2,574,247	7,727,415
Increase in prepaid expenses and other assets	(430,355 )	(433,296 )
Decrease in payable for investments purchased	(13,192,340 )	(21,657,527 )
Decrease in payable to the Investment Manager	(657,479 )	(3,651 )
Increase (decrease) in interest payable	(98,929 )	31,937
Increase in incentive allocation payable	167,503	2,723,742
Decrease in accrued expenses and other liabilities	(220,304 )	(986,661 )
Net cash (used in) provided by operating activities	(43,679,378 )	6,108,988
Financing activities		
Proceeds from draws on credit facilities	114,000,000	6,000,000
Principal repayments on credit facilities	(52,000,000 )	(10,000,000 )
Payments of debt issuance costs	(763,980 )	-
Dividends paid on Series A preferred equity facility	(369,135 )	(393,413 )
Dividends paid to common shareholders	(13,031,970 )	(8,591,051 )
Proceeds from shares issued in connection with dividend reinvestment plan	1,717	17,615

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Net cash provided by (used in) financing activities	47,836,632	(12,966,849 )
Net increase (decrease) in cash and cash equivalents	4,157,254	(6,857,861 )
Cash and cash equivalents at beginning of period	22,984,182	18,035,189
Cash and cash equivalents at end of period	\$ 27,141,436	\$ 11,177,328
Supplemental cash flow information		
Interest payments	\$ 235,336	\$ 104,470
Excise tax payments	-	969,946

*See accompanying notes.*

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited)

March 31, 2014

## 1. Organization and Nature of Operations

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

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

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

The general partner of the Partnership is SVOF/MM, LLC, which also serves as the administrator of the Company and the Partnership (the “Administrator” or the “General Partner”). The managing member of the General Partner is Tennenbaum Capital Partners, LLC (the “Advisor”), which serves as the Investment Manager to the Company, the

Partnership, TCPC Funding, and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

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

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

## **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 following is a summary of the significant accounting policies of the Company and the Partnership.

### ***Use of Estimates***

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

***Investment Valuation***

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

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

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

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 guidelines adopted by the Boards of Directors of the Company and the Partnership, and are subject to their approval. 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, M&A comparables, our principal market and enterprise values, among other factors.

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Unobservable inputs used in the fair value measurement of Level 3 investments as of March 31, 2014 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	\$317,003,161	Market rate approach	Market yields	3.8% - 16.5% (10.9%)
	238,578,988	Market quotations	Indicative bid/ask quotes	1 - 3 (2)
	15,792,158	Market comparable companies	Revenue multiples	0.4x (0.4x)
	2,056,927	Market comparable companies	EBITDA multiples	7.8x (7.8x)
Other Corporate Debt	71,494	Market rate approach	Market yields	16.3% (16.3%)
	54,707,520	Market quotations	Indicative bid/ask quotes	1 - 2 (1)
	16,828,346	Market comparable companies	EBITDA multiples	7.8x - 10.0x (8.8x)
Equity	9,527,486	Market rate approach	Market yields	13.0% - 18.0% (13.6%)
	3,587,881	Market quotations	Indicative bid/ask quotes	1 - 1 (1)
	891,424	Market comparable companies	Revenue multiples	0.4x - 1.1x (1.1x)
	18,441,260	Market comparable companies	EBITDA multiples	4.0x - 6.6x (5.8x)

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

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

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

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

At March 31, 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	\$-	\$-	\$467,763
2	Other observable market inputs *	70,146,046	67,557,294	-
3	Independent third-party pricing sources that employ significant unobservable inputs	573,872,294	64,047,014	29,595,404
3	Investment Manager valuations with significant unobservable inputs	(441,060 )	7,560,346	2,852,647
Total		\$643,577,280	\$ 139,164,654	\$32,915,814

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



TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

Changes in investments categorized as Level 3 during the three months ended March 31, 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)	4,633,345	833,673	(1,034,764 )
Acquisitions	98,772,793	13,080,946	894,302
Dispositions	(30,758,320 )	(14,077,239 )	(6,330,880 )
Transfers out of Level 3 *	(14,729,167 )	-	-
Transfers into Level 3 †	-	10,875,000	-
Ending balance	\$573,872,294	\$ 64,047,014	\$29,595,404
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)	\$5,296,423	\$ 862,015	\$325,048

\* Comprised of one investment that transferred to Level 2 due to increased observable market activity.

† Comprised of one investment that transferred from Level 2 due to reduced trading volumes.

	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 gains (losses)	(1,860 )	(70,989 )	(188,519 )
Acquisitions	-	-	230,938

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Dispositions	(4,500,000)	-	(27,479 )
Ending balance	\$ (441,060 )	‡ \$ 7,560,346	\$ 2,852,647
Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ (1,860 )	\$ (70,989 )	\$ (215,999 )

‡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 three months ended March 31, 2014.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

At March 31, 2013, the Company's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	\$-	\$ -	\$759,522
2	Other observable market inputs *	111,560,238	61,901,366	-
3	Independent third-party pricing sources that employ significant unobservable inputs	275,074,150	17,509,840	34,225,001
3	Investment Manager valuations with significant unobservable inputs	-	7,552,970	1,411,858
Total		\$386,634,388	\$ 86,964,176	\$36,396,381

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

Changes in investments categorized as Level 3 during the three months ended March 31, 2013 were as follows:

	Independent Third-Party Valuation		
	Bank Debt	Other Corporate Debt	Equity Securities
Beginning balance	\$359,343,326	\$ 17,171,637	\$32,675,370
Net realized and unrealized gains (losses)	(2,705,665 )	332,962	1,418,164
Acquisitions	15,489,607	5,241	778,020
Dispositions	(38,401,835 )	-	(646,553 )
Transfers out of Level 3 †	(58,651,283 )	-	-
Ending balance	\$275,074,150	\$ 17,509,840	\$34,225,001

Net change in unrealized appreciation/ depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)      \$(1,074,858 ) \$ 332,962      \$1,418,164

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

	Investment Manager	Valuation	
	Bank	Equity	
	Other	Securities	
	Debt	Corporate Debt	
Beginning balance	\$-	\$ 7,167,458	\$ 1,424,764
Net realized and unrealized gains (losses)	-	350,718	(12,906 )
Acquisitions	-	34,794	-
Ending balance	\$-	\$ 7,552,970	\$ 1,411,858
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)	\$-	\$ 350,718	\$(12,906 )

There were no transfers between Level 1 and 2 during the three months ended March 31, 2013.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

### ***Investment Transactions***

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

### ***Cash and Cash Equivalents***

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

### ***Repurchase Agreements***

In connection with transactions in repurchase agreements, it is the 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 Statement of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

***Foreign Investments***

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

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

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

*Derivatives*

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

The Partnership did not enter into any new derivative transactions during the three months ended March 31, 2014. At March 31, 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 three months ended March 31, 2014 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

Instrument	Realized Gains (Losses)	Unrealized Gains (Losses)
------------	----------------------------	------------------------------

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Cross currency basis swaps	\$	-	\$	30,499
Interest rate cap	\$	-	\$	(5,534 )

The Partnership did not enter into any new derivative transactions during the three months ended March 31, 2013. At March 31, 2013, the Partnership held a cross currency basis swap with a notional amount of \$6,040,944. Gains and losses from derivatives during the three months ended March 31, 2013 were included in net realized and unrealized loss on investments in the Consolidated Statement of Operations as follows:

Instrument	Realized Gains		Unrealized Gains	
	(Losses)		(Losses)	
Cross currency basis swaps	\$	-	\$	169,983

Valuations of derivatives held at March 31, 2014 and March 31, 2013 were determined using observable market inputs other than quoted prices in active markets for identical assets and, accordingly, are classified as Level 2 in the GAAP valuation hierarchy.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

### ***Debt Issuance Costs***

Costs of approximately \$3.5 million were incurred during 2006 in connection with placing the Partnership's revolving credit facility (see Note 4). Additional costs of approximately \$1.5 million were incurred during 2013 in connection with the extension of the facility. These costs were deferred and are being amortized on a straight-line basis over the estimated remaining life of the facility. 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.

Costs of approximately \$1.6 million were incurred during 2013 in connection with placing TCPC Funding's revolving credit facility (see Note 4). Additional costs of approximately \$0.8 million were incurred in 2014 in connection with the extension of the facility. These costs were deferred and are being amortized on a straight-line basis over three years, the estimated life of that facility. 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.

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

### ***Income Taxes***

The Company intends to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, pertaining to regulated investment companies and to make distributions of taxable income sufficient to relieve it from substantially all federal income taxes. Accordingly, no provision for income taxes is required in the consolidated financial statements. The income or loss of the Partnership, TCPC Funding and the SBIC is reported in the respective partners' income tax returns. In accordance with ASC Topic 740 – *Income Taxes*, the Company recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. As of March 31, 2014, all tax years of the Company, the Partnership, TCPC Funding and the SBIC since January 1, 2010 remain subject to examination by federal tax authorities. No such examinations are currently pending.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

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

During the three months ended March 31, 2014, the Company did not pay any excise taxes. During the three months ended March 31, 2013 the Company paid \$969,946 in excise taxes related to income earned in 2012.

Cost and unrealized appreciation and depreciation of the Partnership's investments (including derivatives) for U.S. federal income tax purposes at March 31, 2014 were as follows:

Unrealized appreciation	\$34,662,507
Unrealized depreciation	(57,898,261 )
Net unrealized depreciation	(23,235,754 )
Cost	\$838,601,423

## 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 March 31, 2014, the General Partner's equity interest in the Partnership was comprised entirely of the reserve amount and is reported as a non-controlling interest in the consolidated financial statements of the Company.

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

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

**4. Leverage**

At March 31, 2014 and December 31, 2013, leverage was comprised of amounts outstanding under senior secured revolving credit facilities issued by the Partnership (the “Partnership Facility”) and TCPC Funding (the “TCPC Funding Facility,” and, together with the Partnership Facility, the “Revolving Facilities”) as well as amounts outstanding under a preferred leverage facility issued by the Partnership (the “Preferred Interests”), as follows:

	March 31, 2014	December 31, 2013
Partnership Facility	\$ 82,000,000	\$ 45,000,000
TCPC Funding Facility	75,000,000	50,000,000
Total Debt	\$ 157,000,000	\$ 95,000,000
Preferred Interests	134,000,000	134,000,000
Total Leverage	\$ 291,000,000	\$ 229,000,000

The combined weighted-average interest and dividend rates on total amounts outstanding under the leverage facilities at March 31, 2014 and December 31, 2013 were 1.35% and 1.38%, respectively.

Amounts outstanding under the Revolving Facilities are carried at cost in the Statement of Assets and Liabilities. As of March 31, 2014, the estimated fair value of the TCPC Funding Facility approximated its carrying value, and the Partnership Facility had an estimated fair value of \$81,286,654. The estimated fair values of the Revolving Facilities are determined by discounting projected remaining payments using market interest rates for our borrowings and entities with similar credit risks at the measurement date. At March 31, 2014, the Revolving Facilities would be deemed to be Level 3 in the GAAP valuation hierarchy.

***Partnership Facility***

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

Advances under the Partnership Facility through July 31, 2014 bear 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 will 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 March 31, 2014, the Partnership was in full compliance with such covenants.

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

#### **4. Leverage (continued)**

##### ***TCPC Funding Facility***

The TCPC Funding Facility, issued on May 15, 2013, provides for amounts to be drawn up to \$150 million, subject to certain collateral and other restrictions. The TCPC Funding Facility matures on May 15, 2017, subject to extension by the lender at the request of TCPC Funding. The facility contains an accordion feature which allows for expansion of the facility up to \$200 million subject to consent from the lender and other customary conditions. The cash and investments of TCPC Funding are included in the collateral for the facility.

As of March 31, 2014, borrowings under the TCPC Funding Facility bore interest at a rate of LIBOR plus 2.50% per annum. In connection with the extension and expansion of the facility on February 21, 2014, the interest rate was reduced to a rate of LIBOR plus 2.50% effective March 15, 2014. In addition to amounts due on outstanding debt, the facility accrues commitment fees of 0.75% per annum on the unused portion of the facility, or 1.00% per annum when the unused portion is greater than 33% of the total facility. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should TCPC Funding fail to satisfy certain financial or other covenants. As of March 31, 2014, TCPC Funding was in full compliance with such covenants.

##### ***Preferred Equity***

At March 31, 2014, the Preferred Interests were comprised of 6,700 Series A preferred limited partner interests issued and outstanding with a liquidation preference of \$20,000 per interest. The Preferred Interests accrue dividends at an annual rate equal to 0.85% plus either LIBOR or the interestholder's cost of funds (subject to a cap of LIBOR plus 20 basis points). The Preferred Interests are redeemable at the option of the Partnership, subject to certain conditions. Additionally, under certain conditions, the Partnership may be required to either redeem certain of the Preferred Interests or repay indebtedness, at the Partnership's option. Such conditions would include a failure by the Partnership

to maintain adequate collateral as required by its credit facility agreement or by the Statement of Preferences of the Preferred Interests or a failure by the Partnership to maintain sufficient asset coverage as required by the 1940 Act. As of March 31, 2014, the Partnership was in full compliance with such requirements.

## **5. Commitments, 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)

March 31, 2014

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

The Consolidated Statement of Investments includes certain revolving loan facilities and other loan commitments held by the Partnership with aggregate unfunded balances of \$36,361,742 at March 31, 2014. The Company has also provided a \$20,861,473 guarantee on a bridge facility, which the Company believes is unlikely to be funded.

### **6. Related Parties**

The Company, the Partnership, TCPC Funding, the SBIC, the Investment Manager, the General Partner and their members and affiliates may be considered related parties. From time to time, the Partnership advances payments to third parties on behalf of the Company which are reimbursable through deductions from distributions to the Company. At March 31, 2014, no such amounts were outstanding. From time to time, the Investment Manager advances payments to third parties on behalf of the Company and the Partnership and receives reimbursement from the Company and the Partnership. At March 31, 2014, amounts reimbursable to the Investment Manager totaled \$463,629, as reflected in the Consolidated Statement of Assets and Liabilities.

Pursuant to administration agreements between the Administrator and each of the Company and the Partnership (the "Administration Agreements"), the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to the Company or the Partnership, as well as costs and expenses incurred by the Administrator or its affiliates relating to any administrative, operating, or other non-investment advisory services provided by the Administrator or its affiliates to the Company or the Partnership. For the three months ended March 31, 2014, expenses allocated pursuant to the Administration Agreements totaled \$256,806. The Administrator waived reimbursement of all administrative expenses prior to January 1, 2013.

### **7. Stockholders' Equity and Dividends**

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The following table summarizes the total shares issued in connection with the Company's dividend reinvestment plan for the three months ended March 31, 2014.

	Shares Issued	Price Per Share	Net Proceeds
Shares issued from dividend reinvestment plan	104	\$ 16.55	\$ 1,717

TCP Capital Corp.

Notes to Consolidated Financial Statements (Unaudited) (Continued)

March 31, 2014

## 7. Stockholders' Equity and Dividends

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

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

The Company's dividends are recorded on the ex-dividend date. The following table summarizes the Company's dividends declared for the three months ended March 31, 2014:

Date Declared	Record Date	Payment Date	Amount Per Share
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