TCP Capital Corp.
Form 497
April 05, 2012

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P R O S P E C T U S

5,750,000 Shares

TCP Capital Corp.

Common Stock

This is an initial public offering of shares of common stock of TCP Capital Corp. Following the offering, we, or the "Holding Company," will be a holding company with no direct operations of our own, and our only business and sole asset will be our ownership of all of the limited partner interests in Special Value Continuation Partners, LP, or the "Operating Company." We and the Operating Company each will be managed by Tennenbaum Capital Partners, LLC, or "TCP." TCP is a leading investment manager and specialty lender to middle-market companies that had in excess of $4.5 billion of committed capital under management as of December 31, 2011, approximately 14% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of TCP, will be the Operating Company's general partner and will also provide the administrative services necessary for us to operate. We and the Operating Company have elected prior to the completion of this offering to be treated as a business development company under the Investment Company Act of 1940, or the "1940 Act." Neither we nor the Operating Company has previously operated as a business development company under the 1940 Act and neither TCP nor SVOF/MM, LLC has prior experience managing or providing administrative services to a business development company under the 1940 Act.

Our and the Operating Company's investment objective is to seek to achieve high total returns while minimizing losses. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies. The primary investment focus will be the investment in and origination of leveraged loans to performing middle-market companies.

All of the shares of common stock sold in this offering will be sold by us. The net asset value of our common stock on March 30, 2012 (the last date prior to the date of this prospectus on which net asset value was determined) was approximately $15.00 per share. Prior to this offering, there has been no public market for our common stock. The initial public offering price per share will be $14.75. Subject to completion of this offering, our common stock has been approved for listing on The NASDAQ Global Select Market under the symbol "TCPC."

This prospectus contains important information you should know before investing in our common stock. Please read it carefully before you invest and keep it for future reference. Upon completion of this offering, we will file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. TCP maintains a website at *http://www.tennenbaumcapital.com* and we intend to make all of our annual, quarterly and current reports, proxy statements and other publicly filed information available, free of charge, on or through this website. You may also obtain such information and make stockholder inquiries by contacting us at Tennenbaum Capital Partners, LLC, c/o Investor Relations, 2951 28th Street, Suite 1000, Santa Monica, California 90405 or by calling us at (310) 566-1094. The Securities and Exchange Commission maintains a website at *http://www.sec.gov* where such information is available without charge upon request. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus.

At an offering of 5,750,000 shares of common stock at the initial public offering price of $14.75 per share, no exercise of the underwriters' overallotment option, purchasers in this offering will experience an accretion of approximately $0.02 per share and existing shareholders will experience dilution of approximately $0.23 per share on a fully diluted basis.

Our shares have no history of public trading. Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. This risk of loss applies to our shares of common stock as well and

may be greater for investors expecting to sell their shares in a relatively short period after completion of the public offering.

Investing in our common stock involves a high degree of risk, including credit risk and the risk of the use of leverage. Before buying any shares of our common stock, you should read the discussion of the material risks of investing in our common stock in "Risks" beginning on page 26 of this prospectus.

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

	Per Share	Total
Public offering price	$ 14.75	$ 84,812,500
Sales load (underwriting discount and commissions)[1]	$ 0.74	$ 4,240,625
Proceeds, before expenses, to the Company	$ 14.38	$ 82,692,188

(1) TCP will reimburse us for half of the sales load in connection with this offering. We estimate that we will incur expenses of approximately $1,300,777 ($0.23 per share) in connection with this offering. Such expenses will be borne by us. Stockholders will indirectly bear such expenses, which will reduce the net asset value per share of the shares purchased by investors in this offering. Net proceeds, after expenses and sales load net of TCP's reimbursement, will be approximately $81,391,411 ($14.16 per share).

We have granted the underwriters an option to purchase up to 862,500 additional shares of our common stock at the public offering price, less the sales load, within 30 days of the date of this prospectus solely to cover overallotments, if any. If the underwriters exercise this option in full, the total price to the public, sales load net of TCP's reimbursement and net proceeds will be $97,534,375, $2,438,359, and $93,795,239, respectively. See "Underwriting." The shares will be ready for delivery on or about April 10, 2012.

Joint Book-Running Managers

(underwriters)

Deutsche Bank Securities

Stifel Nicolaus Weisel

Lead Manager

(underwriters)

Oppenheimer & Co.

Co-Managers

(underwriters)

D.A. Davidson & Co.

Natixis

Wunderlich Securities

Ladenburg Thalmann & Co. Inc.

Aegis Capital Corp.

Mitsubishi UFJ Securities

National Securities Corporation

The date of this prospectus is April 3, 2012.

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TCP CAPITAL CORP.

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Statistical and market data used in this prospectus has been obtained from governmental and independent industry sources and publications. We have not independently verified the data obtained from these sources. Forward-looking information obtained from these sources is subject to the same qualifications and the additional uncertainties regarding the other forward-looking statements contained in this prospectus, for which the safe harbor provided in Section 27A of the Securities Act and Section 21E of the Securities Exchange Act is not available.

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of this prospectus. Our business, financial condition and prospects may have changed since that date. To the extent required by applicable law, we will update this prospectus during the offering period to reflect material changes to the disclosure herein.

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PROSPECTUS SUMMARY

This summary highlights some of the information in this prospectus. This summary is not complete and may not contain all of the information that you may want to consider before investing in our common stock. You should read the entire prospectus carefully, including "Risks."

Throughout this prospectus, unless the context otherwise requires, references to:

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

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

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

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

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

Prior to the completion of this offering and our election to be treated as a business development company, we completed a conversion under which TCP Capital Corp. succeeded to the business of Special Value Continuation Fund, LLC and its consolidated subsidiaries, and the members of Special Value Continuation Fund, LLC became stockholders of TCP Capital Corp. In this prospectus, we refer to such transactions as the "Conversion." Unless otherwise indicated, the disclosure in this prospectus gives effect to the Conversion.

The Company

We are an externally managed, non-diversified closed-end management investment company that filed, prior to the completion of this offering, an election to be regulated as a business development company, or BDC, under the Investment Company Act of 1940, as amended, or the 1940 Act. See "   Company History and BDC Conversion." Our investment objective is to seek to achieve high total returns while minimizing losses. We seek to achieve our investment objective primarily through investments in debt securities of middle-market companies, which we typically define as those with enterprise values between $100 million and $1.5 billion. While we intend to primarily focus on privately negotiated investments in debt of middle-market companies, we may make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities will benefit from what we believe are the competitive advantages of our Advisor, including its diverse

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in-house skills, proprietary deal flow, and consistent and rigorous investment process focused on established, middle-market companies. We expect to generate returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments.

As described in more detail below under "   Company History and BDC Conversion," we have no employees of our own and for so long as the Operating Company exists, our only business and sole asset will continue to be the ownership of all of the common limited partner interests of the Operating Company. We expect to continue to conduct all of our investment activities through the Operating Company and our investment activities will continue to be externally managed by our Advisor, a leading investment manager with in excess of $4.5 billion in committed capital, approximately 14% of which consists of the Holding Company's committed capital under management as of December 31, 2011, and a primary focus on providing financing to middle-market companies. Additionally, the Holding Company will continue to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code, or the Code, following the conversion so long as it continues to satisfy the RIC requirements.

Investment Portfolio

At December 31, 2011, our existing investment portfolio consisted of debt and equity positions in 41 portfolio companies valued at approximately $379.0 million. Debt positions represented approximately 81% of the total portfolio fair value and had a weighted-average current yield and yield to maturity of approximately 11.9% and 14.1%, respectively. For purposes of this prospectus, references to "yield to maturity" assume that debt investments in our portfolio as of a certain date are purchased at fair value on that date and held until their respective maturities with no prepayments or losses and are exited at par upon maturity. At December 31, 2011, the weighted-average remaining term of our debt investments was approximately 4.0 years. At December 31, 2011, the average investment size in our existing portfolio by issuer was $9.2 million. Equity positions in 17 companies represented approximately 19% of the total fair value of our existing investment portfolio. See "   Investment Strategy" for more information.

The Operating Company obtained or invested in its existing investment portfolio while it was a registered investment company and not a BDC. The main differences between BDCs and registered closed-end companies relate to the more specialized investments a BDC must make. As BDCs, we will be required to invest at least 70% of our assets in private or thinly traded domestic companies as well as in cash items, U.S. Government securities and high quality short term debt securities (and will be required to offer managerial assistance to companies in which we invest). However, as BDCs we will not be subject to industry concentration limits or certain restrictions on investing in real estate or making loans and our leverage restrictions will be more relaxed than if we were a registered closed-end company. Our current portfolio satisfies these requirements and we will not be required to sell any assets to conform to such requirements.

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The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of December 31, 2011.

Investment by Industry **Investment by Asset Type**

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* *Industries in aggregate less than 2.5% of the portfolio*

Tennenbaum Capital Partners, LLC

Our investment activities are managed by TCP. TCP is a leading investment manager (including specialty lending to middle-market companies). TCP is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940. As of December 31, 2011, TCP had in excess of $4.5 billion in committed capital under management, approximately 14% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by approximately 40 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. TCP was founded in 1999 by Michael E. Tennenbaum, Mark K. Holdsworth and Howard M. Levkowitz and its predecessor entity, formed by the same individuals, commenced operations in 1996. The three founders along with David A. Hollander, Michael E. Leitner, Philip M. Tseng and Rajneesh Vig constitute TCP's active partners, or the TCP Partners. The TCP Partners have significant industry experience, including experience investing in middle-market companies. Together, the TCP Partners have invested approximately $10.1 billion in over 200 companies since TCP's inception, through multiple business and credit cycles, across all segments of the capital structure through a broad set of credit-oriented strategies including leveraged loan origination, secondary investments of discounted debt securities, and distressed and control opportunities. We refer to the products that employ these strategies within the TCP platform as the Opportunity Funds. We believe the TCP Partners' investment perspectives, complementary skills, and collective investment experience provides TCP with a strategic and competitive advantage in middle-market investing.

As our investment advisor, TCP is responsible for sourcing potential investments, conducting research, analyzing investment opportunities and structuring our investments and monitoring our portfolio companies on an ongoing basis. We believe that TCP has a proven long-term track record of positive performance, notwithstanding some periods during which losses were incurred, of sourcing deals, originating loans and successfully investing in middle-market companies and that the relationships of its investment professionals are integral to TCP's success. TCP's investment professionals have long-term working relationships with key sources of investment opportunities and

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industry expertise, including investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. Additionally, TCP's structure includes both a board of advisors and a group of Senior Executive Advisors, a team comprised of approximately 20 current and former executives from a variety of industries, which extends the reach of TCP's relationships through a group of seasoned industry leaders and that can enhance our deal sourcing and due diligence activities.

We also benefit from the existing infrastructure and administrative capabilities of an established investment manager. The General Partner, an affiliate of TCP, serves as our Administrator and provides us with office space, equipment and office services. The tasks of our Administrator include overseeing our financial records, preparing reports to our stockholders and reports filed with the SEC and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

During 2011, TCP executed in its Opportunity Funds over $480 million in direct origination leveraged loans primarily to middle-market companies, of which over $130 million was for our account. There can be no assurance that similar deal flow or terms will be available in the future for loans in which we may invest.

Investment Strategy

To achieve our investment objectives, we intend to focus on a subset of the broader investment strategies historically pursued by TCP. Our primary investment focus will be the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on TCP's established track record of origination and participation in the original syndication of approximately $3.6 billion of leveraged loans to 55 companies since 1999, of which we invested over $575 million in 30 companies. For the purposes of this prospectus, the term "leveraged loans" refers to senior debt investments that rank ahead of subordinated debt and that generally have the benefit of security interests in the assets of the borrower.

We anticipate our investments will generally range from $10 million to $35 million per company, the size of which may grow over time in proportion with our capital base. We expect to generate current returns through a combination of the receipt of contractual interest payments on debt investments and origination and similar fees, and, to a lesser extent, equity appreciation through options, warrants, conversion rights or direct equity investments. We often receive equity interests such as preferred or common stock and warrants or options in connection with our debt investments. From time to time we may also use other investment strategies, which are not our primary focus, to attempt to enhance the overall return of our portfolio. These investment strategies may include, but are not limited to, the purchase of discounted debt, opportunistic investments, and financial instruments to hedge currency or interest rate risk associated with our portfolio.

Typical investments will be in performing middle-market companies. We believe that middle-market companies are generally less able to secure financing than larger companies and thus offer better return opportunities for those able to conduct the necessary diligence to appropriately evaluate these companies. We will focus primarily on U.S. companies where we believe our Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where our Advisor sees an attractive risk reward profile due to macroeconomic trends and existing TCP industry expertise.

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Our Competitive Advantages

We believe that we possess the following competitive advantages over other capital providers to middle-market companies:

Focus on minimizing the risk of loss and achieving attractive risk-adjusted returns. We primarily structure investments to attempt to achieve high cash yields, cash origination fees, conservative leverage, and strong contractual protections that reduce the risk of principal loss. Contractual protections may include default premiums, information rights, board governance rights, and affirmative, negative and financial covenants, such as lien protection and prohibitions against change of control. While we do not expect to undertake a material focus on distressed investments, we believe that TCP's experience in distressed investing from managing other funds helps us negotiate more favorable terms and provides greater opportunity to achieve principal protection. See " Investment Strategy."

Diverse in-house skills and experience of our Advisor. The principals and professionals of TCP have diverse and complementary backgrounds, including prior experience at private investment funds, investment banks, other financial services firms, and managing companies. We believe that the diverse professional experience of TCP's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. TCP's advantages include:

- Significant investment expertise in over 15 different industry sectors;
- Track record of leveraged loan originations or participations in original syndications of approximately $3.6 billion to 55 companies since 1999, of which we invested over $575 million in 30 companies;
- Extensive workout and restructuring capabilities honed in multiple in- and out-of-court transactions which allows us to maximize our investment returns and minimize the risk of loss;
- In-house legal expertise with significant experience protecting creditor rights;
- Complementary "bottom-up" and "top-down" (macro economic) expertise; and
- Expertise in analyzing highly complex companies and investments.

Consistent, proactive and rigorous investment and monitoring processes. We believe that TCP employs a proven investment process that integrates intensive "bottom-up" company-level research and analysis with a proactive "top-down" view of macroeconomic and industry risks and opportunities. The heart of the process is a thorough analysis of the underlying issuer's business, end markets, competitors, suppliers, revenues, costs, financial statements, and the terms of the issuer's existing obligations, including contingent liabilities (if any). TCP's professionals supplement in-house expertise with industry experts, including TCP's Board of Advisors and Senior Executive Advisors, as well as other CEO/CFO-level executives, with direct management experience in the industries under consideration. These company level analyses are undertaken in the context of and supplemented by TCP's views on and understanding of industry trends and broader economic conditions. These views are formulated and refined through TCP's systematic quarterly macroeconomic reviews and quarterly industry reviews, where long-term and immediate macroeconomic trends and their impact on industry risk/reward characteristics are determined. These views flow through to TCP's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews and the TCP Portfolio Company Business Conditions Survey also help to inform TCP's macroeconomic and industry views as well as to inform reporting of deal teams' frequent monitoring of portfolio company progress, risk assessment, and refinement of exit plans. The survey is a proprietary survey of all portfolio companies in which TCP has a sizeable influence and includes a standardized set of questions in order to obtain insight into general business activity, pricing power, costs, margins, financing conditions and expansion plans.

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Focus on established middle-market companies. We generally invest in companies with established market positions, seasoned management teams, proven and differentiated products and services and strong regional or national operations. We believe that these companies possess better risk-adjusted return profiles than newer companies that are building management or in early stages of building a revenue base. As a specialty middle-market lender, through TCP we have proven experience structuring financing for middle-market companies and meeting their specialized needs. We believe that there are fewer experienced finance companies focused on transactions involving small and middle-market companies than larger companies, allowing us to negotiate favorable investment terms, including higher yields, more significant covenant protection, and greater equity grants than typical of transactions involving larger companies. Additionally, we believe that middle-market companies offer significant risk-adjusted return advantages over larger companies as they are generally less able to secure financing compared to larger companies and, we believe, are more likely as borrowers to be subject to upfront fees, prepayment premiums and higher interest rates.

Debt platform with multiple deal sourcing channels. The employees of TCP have developed extensive networks among investment bankers, financial advisors, attorneys, private equity sponsors, other senior lenders, high-yield bond specialists, research analysts, accountants, and senior management teams. These networks are a valuable source of directly originated deals and are further supplemented by the networks and experiences of TCP's Board of Advisors and Senior Executive Advisors. Additionally, TCP's track record as a provider of middle-market financing means that it is often the first or early call on new deal opportunities. Since inception, TCP has originated or participated in the original syndication of approximately $3.6 billion of newly issued loans to 55 companies since 1999, of which we invested over $575 million in 30 companies. TCP has closed transactions with more than 35 different private equity sponsors. TCP is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. TCP's in-depth industry knowledge and ability to diligence complex situations thoroughly and in a timely fashion helps to attract deal opportunities from multiple channels.

Attractively priced leverage program. We believe that the Leverage Program (defined below), combined with capital from recent monetizations, will provide us with a substantial amount of capital for deployment into new investment opportunities on relatively favorable terms. The Operating Company has an existing $250 million leverage program comprised of: (i) a $116 million senior secured credit facility that matures on July 31, 2014, subject to extension by the lenders at the request of the Operating Company for one 12-month period, which we refer to as the Revolving Facility; and (ii) $134 million in liquidation preference of preferred interests, which mature on July 31, 2016, which we refer to as the Preferred Interests. The Revolving Facility was entered into on July 31, 2006 with certain lenders and in conjunction with entering into such agreement, the Operating Company also issued the Preferred Interests to such lenders on the same date. We refer to the Revolving Facility and the Preferred Interests collectively as the Leverage Program. Advances under the Revolving Facility generally bear interest at LIBOR plus 0.44%, subject to certain limitations. The lenders also own all of the Operating Company's preferred interests, which is an aggregate of 6,700 Preferred Interests, each of which has a liquidation preference of $20,000 per interest, with dividends generally accruing at an annual rate equal to LIBOR plus 0.85%, subject to certain limitations. The weighted-average financing rate on the Leverage Program at December 31, 2011 was 1.10%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company. After this offering, we will have access to the full $116 million under the Revolving Facility.

Market opportunity

We believe that TCP has a consistent, non-cyclical track record of finding profitable opportunities to lend its managed assets to middle-market companies under most market conditions. However, there can be no assurances that TCP will be able to source profitable opportunities of this type for us, and we have no record operating as a BDC. We believe that the current environment for direct lending to middle-market companies is especially attractive for several reasons that include:

Reduced lending to middle-market companies by commercial banks. Recent regulatory changes, including the Dodd-Frank Financial Reform Act, or the Dodd-Frank Act, and the introduction of new international capital and liquidity requirements under the Basel III Accords, or Basel III, and the continued ownership of legacy non-performing assets have significantly curtailed banks' lending capacity. In response, we believe that many commercial lenders have de-emphasized their service and product offerings to middle-market companies in favor of lending, managing capital markets transactions and providing other non-credit services to their larger customers. We expect bank lending to middle-market companies to continue to be constrained for several years as Basel III rules phase in and rules and regulations are promulgated and interpreted under the Dodd-Frank Act.

Reduced credit supply to middle-market companies from non-bank lenders. We believe credit to middle-market companies from non-bank lenders will also be constrained as many of those lenders have either gone out of business, exited the market, or are winding down. Numerous hedge funds previously active in leveraged loans disappeared or contracted during the recent financial market crises, while others exited the lending market due to asset-liability mismatches. Other non-bank lenders exited lending due to balance sheet pressures. Furthermore, new collateralized loan obligation, or CLO, formation has been very limited in recent years and existing CLOs' authority to reinvest falls off sharply in coming years. Along with the constraints in bank lending, this situation provides a promising environment in which to originate loans to middle-market companies. We cannot, however, provide any assurance as to the length of time this tight credit supply will persist.

Middle-market companies are increasingly seeking lenders with access to permanent capital for debt and equity capital. We believe that many middle-market companies prefer to borrow from capital providers like us, rather than execute high-yield bond or equity transactions in the public markets that may necessitate increased financial and regulatory compliance and reporting obligations. Further, we believe many middle-market companies are inclined to seek capital from a small number of providers with access to permanent capital that can satisfy their specific needs and can serve as value-added, long-term financial partners with an understanding of the companies' growth needs.

Large Amount of Uninvested Private Equity Capital. Private equity firms raised significant amounts of equity commitments over the period 2006 to 2008, far in excess of the amount of equity they invested. According to Brown Gibbons Lang & Company, there was, as of September 30, 2011, approximately $435 billion of committed private equity capital available and uninvested in North America. We believe the large amount of undeployed private equity capital will drive demand for leveraged buyouts over the next several years, which we believe will, in turn, create significant leveraged lending opportunities for us.

Significant Refinancing Requirements. A significant portion of the debt associated with a large number of middle-market leveraged mergers and acquisitions completed from 2005 to 2008 matures in the 2012 to 2015 time period. Much of this debt will need to be refinanced as it matures. When combined with the decreased availability of debt financing for middle-market companies generally, we believe these factors should increase lending opportunities for us.

Attractive Pricing and Conservative Deal Structures. We believe that reduced access to, and availability of, debt capital has improved available loan pricing for middle-market lenders. Deals since the recent credit crisis occurred, which began in 2008 and included a period of disruption in the capital markets as evidenced by a lack of liquidity in the debt capital markets, significant write-offs in the financial services sector, the re-pricing of credit risk in the broadly syndicated credit market and the failure of certain major financial institutions, have included meaningful upfront fees, prepayment protections and, in some cases, warrants, all of which should enhance profitability to lenders.

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Furthermore, since the credit crisis, lenders generally have required lower leverage levels, increased equity contributions and more comprehensive loan covenants than was customary in the years leading up to the credit crisis. Lower debt multiples on purchase prices suggest that the cash flow of borrowing companies should enable them to service their debt more readily, creating stronger protections against a subsequent downturn.

Company History and BDC Conversion

History

We were organized on July 17, 2006 and commenced operations on July 31, 2006. We were formed as a limited liability company under the laws of the State of Delaware, converted to a Delaware corporation on April 2, 2012 and have elected BDC status prior to the completion of this offering as described in more detail under "Conversion" below. On August 1, 2006, the Holding Company registered as a non-diversified closed-end management investment company under the 1940 Act.

The Holding Company was formed by the combination of two TCP managed funds, Special Value Bond Fund II, LLC, or SVBF II, and Special Value Absolute Return Fund, LLC, or SVAR. In August 2006, investors holding interests totaling approximately 76% and 92% of the net asset value of SVBF II and SVAR respectively, combined and extended their investments into the Holding Company resulting in proceeds to the Holding Company of approximately $419 million. The net internal rate of return, or net IRR, which is imputed annual return over an investment period and, mathematically, is the rate of return at which the discounted cash flows equal the initial cash outlays, of SVBF II, from formation on August 31, 2000 until the end of July 2006, was approximately 24.3%. The net IRR of SVAR, from formation on June 12, 2002 until the end of July 2006, was approximately 16.3%. The net IRR of the Holding Company, from formation through December 31, 2011, was approximately 0.7%. Returns of SVBF II and SVAR are not representative of potential returns of the Company upon conversion to a BDC because SVBF II's and SVAR's leverage was greater than the Company's and because their investment policies (which were substantially the same as the Company's to date) were different than those the Company intends to pursue upon conversion to a BDC. See "Risks Risks related to our business." We may not replicate the Company's or SVBF II's and SVAR's historical performance or the historical performance of other entities managed or supported by TCP. The Holding Company also issued $23,500 liquidation preference of preferred interests to various investors, all of which has been redeemed.

The Operating Company was formed as a limited partnership under the laws of the State of Delaware. On July 31, 2006, the Operating Company registered as a non-diversified closed-end management investment company under the 1940 Act. The Operating Company issued common limited partner interests to the Holding Company and also issued preferred limited partner interests to the lenders under the Leverage Program. The Operating Company elected to convert from a closed-end fund to a BDC prior to the completion of this offering. Upon the completion of this offering, the Holding Company will conduct its investment operations as a BDC through the Operating Company. In this regard, the Holding Company will invest substantially all of the net proceeds from this offering in the common limited partner interests of the Operating Company and the Operating Company, in turn, will invest the proceeds in portfolio companies. See "Use of Proceeds." Following termination of the Revolving Facility, which is scheduled to mature on July 31, 2014, subject to a one-year extension at the request of the Operating Company, it is possible that the Operating Company will elect to terminate its existence, in which case it will redeem any Preferred Interests then outstanding and transfer its remaining assets to the Holding Company, and the Holding Company will continue operations as a stand-alone BDC and will make investments directly, rather than solely through the Operating Company, in accordance with the investment objective and policies described herein.

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The Conversion

Prior to the completion of our public offering, we converted from a Delaware limited liability company to a Delaware corporation and have made an election to be treated as a BDC under the 1940 Act. Upon conversion from a limited liability company to a corporation, owners of our common limited liability company interests received shares of our new common stock with an aggregate net asset value equal to the aggregate net asset value of the limited liability company interests owned by the stockholder on the conversion date, less the costs of the Conversion and less the amount of any cash distributed for fractional common shares. Each of our outstanding limited liability company interests converted into shares of common stock having a net asset value of $15.00 per share based upon our aggregate net asset value, as determined by our board of directors, at March 30, 2012. Based on our aggregate net asset value at March 30, 2012 of $235,884,525, this resulted in 15,725,635 shares of our common stock outstanding immediately after the Conversion without giving effect to any shares sold in our public offering. Each share of common stock outstanding immediately after the Conversion had a net asset value of $15.00 per share. Our preferred limited liability company interests have been redeemed. Preferred limited partnership interests in the Operating Company, which were issued to the lenders under the Leverage Program, are expected to remain outstanding. The Holding Company will continue to qualify as a RIC following the conversion so long as it continues to satisfy RIC requirements.

An organizational structure diagram showing our organizational structure immediately after the initial public offering is set forth below:

The Holding Company's management consists of TCP and its board of directors. The Operating Company's management consists of TCP, the General Partner and its board of directors. The board of directors of the Holding Company and the Operating Company are comprised of the same individuals, the majority of whom are independent of TCP and the General Partner. TCP directs and executes the day-to-day operations of the Holding Company, and TCP directs and executes the day-to-day investment operations and the General Partner directs and executes the day-to-day operational activities of the Operating Company, in each case subject to oversight from the respective board of directors, which sets the broad policies of the Holding Company and performs certain functions required by the 1940 Act for the Operating Company. The board of directors of the Operating

Company has delegated investment management of the Operating Company's assets to TCP, subject to oversight by the board of directors. The managing member of the General Partner is TCP, which serves as the investment advisor of both the Holding Company and the Operating Company. Substantially all of the equity interests in the General Partner are owned directly or indirectly by TCP, employees of TCP and Babson Capital Management, LLC. The Holding Company currently owns all of the common interests in the Operating Company and expects to have the ability to maintain that status. While the Operating Company is permitted to issue securities to persons other than the Holding Company, under the Operating Company's limited partnership agreement, board approval is required to issue equity interests of the Operating Company, and the Holding Company expects that its directors will also serve as the directors of the Operating Company so as to be able to control any issuances by the Operating Company.

Babson Capital Management, LLC, or Babson, has historically served as our co-advisor and has participated with the Advisor in making investment decisions. However, prior to the completion of this offering, Babson will cease serving as a co-advisor although it will retain an interest in the General Partner. We do not expect this change to have an adverse impact on performance.

Distributions. Our board of directors intends to declare a dividend shortly after completion of this offering of $0.00374 per share per day for the period commencing the day we price this offering and continuing through June 30, 2012, which equates to a quarterly rate of approximately $0.34 per share payable early in the third quarter of 2012. This dividend payment is contingent upon the completion of our initial public offering during the first half of calendar 2012. Accordingly, purchasers in this offering will be entitled to receive this dividend payment. We anticipate that this dividend will be paid from income primarily generated by interest and dividend income earned on our investment portfolio. The specific tax characteristics of the dividend will be reported to stockholders after the end of the calendar year. A portion of the offering price on which a sales load is being paid may include the proposed dividend. We cannot assure you that we will be able to pay distributions in the future at the same rate or at all. We do not have a policy to pay distributions at a specific level and expect to continue to distribute substantially all of our taxable income. We will identify at the time of distribution the portion of any distribution estimated to consist of net capital gain or a return of capital.

Operating and Regulatory Tax Structure

The Holding Company elected to be treated for U.S. federal income tax purposes as a RIC under the Code and it is expected that treatment will continue after it converts from a limited liability company to a corporation. As a RIC, the Holding Company generally does not have to pay corporate-level federal income taxes on any net ordinary income or capital gain that we distribute to our stockholders as dividends if we meet certain source-of-income, distribution and asset diversification requirements. The Operating Company is not a RIC nor will it seek RIC status and instead is intended to be treated as a partnership for tax purposes. In connection with the completion of this offering both the Holding Company and the Operating Company have elected to be treated as BDCs under the 1940 Act. As a BDC we are required to invest at least 70% of our total assets primarily in securities of private and certain U.S. public companies (other than certain financial institutions), cash, cash equivalents, U.S. Government securities, and other high-quality debt investments that mature in one year or less and to comply with other regulatory requirements, including limitations on our use of debt. Because the Holding Company and the Operating Company will each be BDCs after the completion of this offering, their assets, liabilities and results of operations will be consolidated for purposes of this 70% requirement.

Conflicts of Interests

TCP and the General Partner currently do, and in the future may, manage funds and accounts other than the Company, which we refer to as the Other Advisor Accounts, with similar investment objectives as the Company. The investment policies, advisor compensation arrangements and other circumstances of the Company may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among the Company and Other Advisor Accounts. Investments that are suitable for the Company may not be suitable for the Other Advisor Accounts and investments that are suitable for the Other Advisor Accounts may not be suitable for the Company. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, we may desire to retain an asset at the same time that one or more Other Advisor Accounts desire to sell it or we may not have additional capital to invest at a time Other Advisor Accounts do. TCP and its affiliates intend to allocate investment opportunities to us and Other Advisor Accounts in a manner that they believe in their judgment and based upon their fiduciary duties to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other limitations of ours and the Other Advisor Accounts. To the extent that investment opportunities are suitable for the Company and one or more Other Advisor Accounts, TCP and the General Partner will allocate investment opportunities pro rata among the Company and Other Advisor Accounts based on the amount of funds each then has available for such investment taking into account these factors. Investment opportunities in certain privately placed securities will be subject to allocation pursuant to the terms of a co-investment exemptive order under the 1940 Act applicable to funds and accounts managed by TCP and its affiliates. A portion of the proceeds of the offering are expected to be used to repay amounts outstanding under the Revolving Facility. As a result of this application of proceeds, an affiliate of Natixis Securities Americas, LLC has a conflict because it will benefit from the repayment of debt under the Revolving Facility, subject to re-borrowing by us to make long term investments. Such amount will depend on the amount of debt outstanding under the Revolving Facility, but assuming the total amount of debt outstanding as of March 30, 2012, such amount of debt repaid to Natixis Securities Americas, LLC would be $15.75 million.

TCP has agreed to reimburse us for half of the sales load in connection with this offering. This could incentivize TCP to cause the Company to make more speculative investments or increase its debt outstanding in an effort to recoup its payment out of additional advisory compensation.

Recent Developments

Significant portfolio events since December 31, 2011 include the following:

During the first quarter of 2012, we acquired the following new investments (in addition to adding to existing positions): $15 million in senior secured notes issued by a laboratory-based testing service, a $16 million senior secured first lien term loan to an operator of regional casinos and gaming devices and a $17 million senior subordinated first lien term loan collateralized by aircraft under long-term leases.

During the first quarter of 2012, we exited our investment in Encompass Digital Media ("Encompass") after it was acquired by a private equity firm. Our $2.7 million principal amount of the first lien term loan was paid off at par and our $16.5 million principal amount of the second lien term loan was paid off at a premium. We also sold our equity in Encompass and acquired an $8 million new first lien term loan to Encompass. Also during the quarter, $7.5 million principal amount of our second lien senior secured loan to Gundle/SLT Environmental, Inc. was paid off. We continue to hold $7.5 million of this loan. We also exited our entire $7.5 million principal amount of senior unsecured notes of Hawker Beechcraft, Inc.

During February 2012, we and other note holders were approved as the winning bidders for the assets of Real Mex Restaurants, Inc. ("Real Mex") pursuant to a sale under Chapter 11, which included the acquisition in March 2012 of $9.2 million of newly issued senior secured first and second lien loans. Due to expenses and significant working capital requirements that occurred during bankruptcy, the amount of Real Mex's anticipated pro forma debt at exit has increased. As a result, our existing notes, which will be converted to holding company notes and equity, have been marked down by approximately $5.3 million.

On March 9, 2012, the Holding Company declared a dividend of approximately $5.4 million (equal to approximately 2.3% of our net asset value at December 31, 2011) to shareholders of record on March 16, 2012, payable on April 3, 2012.

Company Information

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

Risks

Investing in the Company and the shares of common stock offered by this prospectus involves a high degree of risk. These risks, among others, include:

- capital markets currently remain in a period of disruption and instability, which could have a negative impact on our business and operations and the value of our common stock;
- the risk of credit losses on our investments;
- the risk of loss associated with leverage, illiquidity and valuation uncertainties in our investments, lower amounts of income per share while we are investing the proceeds from this offering;
- the possible lack of appropriate investments;
- the risk of an inability to renew, extend or replace the Leverage Program, the lack of experience of our investment advisor in managing a BDC and our dependence on such investment advisor;
- the risky nature of the securities in which we invest;
- our potential lack of control over our portfolio companies and our limited ability to invest in public or foreign companies;
- the potential incentives to our investment advisor to invest more speculatively than it would if it did not have an opportunity to earn incentive compensation;
- our limitations on raising additional capital;
- failure to qualify as a BDC or the risk of loss of tax status as a RIC;

- the risk of volatility in our stock price; and

- the anti-takeover effect of certain provisions in our charter and in the Amended and Restated Limited Partnership Agreement of the Operating Company, or the Amended and Restated Limited Partnership Agreement.

See "Risks" beginning on page 26 of this prospectus for a more detailed discussion of these and other material risks you should carefully consider before deciding to invest in our common stock.

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Presentation of Historical Financial Information

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

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THE OFFERING

The Offering	We are offering 5,750,000 shares of our common stock through a group of underwriters. We have granted to the underwriters an overallotment option to purchase up to 862,500 additional shares of our common stock to cover overallotments, if any.
Common Stock Outstanding After this Offering	21,475,635 shares, excluding shares of common stock issuable pursuant to the overallotment option granted to the underwriters.
Proposed NASDAQ Global Select Market Symbol	"TCPC"
Use of Proceeds	The net proceeds from the sale of shares of our common stock in this offering are approximately $81.4 million (approximately $93.8 million if the underwriters exercise their overallotment option to purchase additional shares in full), at an offering of 5,750,000 shares of common stock in this offering at the public offering price of $14.75 and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use approximately $42 million of the net proceeds to reduce our borrowings outstanding under the Revolving Facility and the remainder of the net proceeds to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses. Pending investment, we may invest the remaining net proceeds of this offering primarily in cash, cash equivalents, U.S. Government securities and other high-quality debt investments that mature in one year or less. These securities may have lower yields than our other investments and accordingly may result in lower distributions, if any, during such period. An affiliate of Natixis Securities Americas, LLC is a lender under the Revolving Facility and is expected to receive in excess of five percent of the proceeds of this offering subject to re-borrowing by us at any time to make long-term investments. Such amount will depend on the amount of debt outstanding under the Revolving Facility, but assuming the total amount of debt outstanding as of March 30, 2012, such amount of debt repaid to Natixis Securities Americas, LLC would be $15.75 million.
Additional Sales Load	TCP has agreed to reimburse us for half of the sales load in connection with this offering.

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Reserved Share Program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to some of our directors, officers, employees, business associates and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.
Investment Management Arrangements	The Holding Company and the Operating Company, in connection with our conversion into a BDC, have entered into separate but substantially identical investment management agreements with TCP, under which TCP, subject to the overall supervision of our respective boards of directors, will manage the day-to-day operations and provide investment advisory services to the Holding Company and the Operating Company. For providing these services, TCP will receive a base management fee calculated at an annual rate of 1.5% of our total assets (excluding cash and cash equivalents) on a consolidated basis, payable quarterly in arrears. For purposes of calculating the base management fee, "total assets" is determined without deduction for any borrowings or liabilities. The investment management agreements also provide for performance based returns to TCP or the General Partner (referred to herein as "incentive compensation"). Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation will be incurred until after January 1, 2013. Beginning January 1, 2013, the incentive compensation will equal the sum of (1) 20% of all ordinary income since that date and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since that date, with each component being subject to a total return limitation of 8% of contributed common equity. The incentive compensation initially will be an equity allocation to the General Partner under the Operating Company's Amended and Restated Limited Partnership Agreement. If the Operating Company is terminated or for any other reason incentive compensation is not distributed by the Operating Company, it would be paid pursuant to the investment management agreement between the Holding Company and TCP. The incentive compensation will have two components, ordinary income and capital gains. Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, we will not be obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if the cumulative

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total return does not exceed an 8% annual return on daily weighted average contributed common equity. If such cumulative total return does exceed 8%, we will not be obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation to the extent such amount would exceed 20% of the cumulative total return of the Company that exceeds a 10% annual return on daily weighted average contributed common equity, plus all of the cumulative total return that exceeds an 8% annual return on daily weighted average contributed common equity but is not more than a 10% annual return on daily weighted average contributed common equity, less cumulative incentive compensation previously paid or distributed (whether on ordinary income or capital gains).

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

Subject to the above limitation, the capital gains component of the incentive compensation will be the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed.

For purposes of the foregoing computations and the total return limitation, the relevant terms are defined in detail in the section entitled "Management of the Company Investment Management Agreements."

The base management fee will be paid by the Operating Company to TCP and the incentive compensation, if any, will be distributed by the Operating Company to the General Partner. The Holding Company, therefore, will indirectly bear these amounts, which will be reflected in our consolidated financial statements. If the Operating Company is terminated or for any other reason incentive compensation is not paid by the Operating Company, such compensation would be paid to TCP directly by the Holding Company pursuant to its investment management agreement with TCP to ensure that the appropriate aggregate amount of incentive compensation is paid. On a consolidated basis, the aggregate compensation is limited to 1.5% of total assets and 20% of the relevant components of income and realized capital gains. See "Management of the Company Investment Management Agreements" for a more detailed description of the investment management arrangements.

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Distributions	We intend to make quarterly distributions to our stockholders commencing at the end of the quarter in which this offering is completed. The timing and amount of our quarterly distributions, if any, will be determined by our board of directors. Any distributions to our stockholders will be declared out of assets legally available for distribution. In addition, because we will invest substantially all of our assets in the Operating Company, we will only be able to pay distributions on our common stock from distributions received from the Operating Company. The Operating Company intends to make distributions that will be sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a regulated investment company, or RIC, under the Code. While it is intended that the distributions made by the Operating Company will be sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a RIC, there can be no assurances that the distributions from the Operating Company will be sufficient to pay distributions to our stockholders in the future.
Taxation	The Holding Company currently is a RIC for U.S. federal income tax purposes and intends to continue to qualify each year as a RIC. In order to qualify as a RIC, the Holding Company generally must satisfy income, asset diversification and distribution requirements. As long as it so qualifies, the Holding Company will not be subject to U.S. federal income tax to the extent that it distributes its investment company taxable income and net capital gain on a timely basis. The Holding Company will invest substantially all of the net proceeds from this offering in the Operating Company, which is treated as a partnership for U.S. federal income tax purposes. Consequently, any references to, and description of the U.S. federal income tax aspects of, the Holding Company's investment practices and activities, in effect, take into account the investment practices and activities of the Operating Company. See "Distributions" and "Tax Matters."
Custodian	Wells Fargo Bank, National Association, or the Custodian, serves as our custodian. See "Custodian."
Transfer and Dividend Paying Agent	Wells Fargo Bank, National Association, or Wells Fargo, serves as our Transfer and Dividend Paying Agent. See "Transfer Agent."
Borrowings and Preferred Stock	We expect to use leverage, including through the Revolving Facility, to make investments. We will be exposed to the risks of leverage, which include that leverage may be considered a speculative investment technique. The use of leverage magnifies the potential for gain and loss on amounts invested

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by us and therefore increases the risks associated with investing in