TCP Capital Corp.
Form N-2/A
March 26, 2013



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**As filed with the Securities and Exchange Commission on March 25, 2013**

**Securities Act Registration No. 333-185319**

**SECURITIES AND EXCHANGE COMMISSION**
**Washington, D.C. 20549**

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# FORM N-2

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ý Registration Statement under the Securities Act of 1933
ý Pre-Effective Amendment No. 1
o Post-Effective Amendment No.
and/or
o Registration Statement Under the Investment Company Act of 1940
o Amendment No.

# TCP CAPITAL CORP.

(Exact Name of Registrant as Specified in its Charter)

**2951 28th Street, Suite 1000**
**Santa Monica, California 90405**

(Address of Principal Executive Offices)

**(310) 566-1094**

(Registrant's Telephone Number, Including Area Code)

**Howard M. Levkowitz**
**Tennenbaum Capital Partners, LLC**
**2951 28th Street, Suite 1000**
**Santa Monica, California 90405**

(Name and Address of Agent for Service)

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**Copies to:**

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**Approximate Date of Proposed Public Offering:**
From time to time after the effective date of this Registration Statement.

If any securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a distribution reinvestment plan, check the following box. ý

It is proposed that this filing will become effective (check appropriate box):

o when declared effective pursuant to section 8(c).
If appropriate, check the following box:

o This post-effective amendment designates a new effective date for a previously filed post-effective amendment registration statement.

o This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration statement number of the earlier effective registration statement for the same offering is ________________.

**CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933**

| **Title of Securities Being Registered** | **Amount Being Registered** | **Proposed Maximum Offering Price per Unit** | **Proposed Maximum Aggregate Offering Price[(1)(2)]** | **Amount of Registration Fee[(4)]** |
|---|---|---|---|---|
| Common Stock, par value $0.001 per share | N/A | N/A | $150,000,000[(3)] | $20,460 |

(1) Includes underwriters' option to purchase additional shares.

(2) Estimated pursuant to Rule 457(o) under the Securities Act of 1933 solely for the purpose of determining the registration fee.

(3) In no event shall the aggregate offering price of all securities issued from time to time pursuant to the registration statement exceed $150,000,000.

(4) Partially paid prior to this filing. $87,687,500 aggregate principal amount of securities remain registered and unsold pursuant to Registration Statement No. 333-172669 (initially filed by the Registrant on March 8, 2011), which represents a filing fee previously paid by the Registrant of $10,180 for the unsold securities. The $10,180 filing fee previously paid by the Registrant for the unsold securities under Registration Statement No. 333-172669 offsets a portion of the $20,460 fees due for this Registration Statement. The remaining registration fee amount for this filing is $10,280.

Special Value Continuation Partners, LP has also signed the registrant's registration statement.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that the registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such dates as the commission, acting pursuant to said Section 8(a), may determine.**

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**The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**Subject To Completion, Preliminary Prospectus dated March 25, 2013**

PROSPECTUS **$150,000,000**

**Common Stock**

We are a holding company (the "Holding Company") with no direct operations of our own, and currently our only business and sole asset is our ownership of all of the common limited partner interests in Special Value Continuation Partners, LP (the "Operating Company"). We and the Operating Company are externally managed, closed-end, non-diversified management investment companies that have elected to be treated as business development companies under the Investment Company Act of 1940 (the "1940 Act"). Our and the Operating Company's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. Both we and the Operating Company seek to achieve this investment objective primarily through investments in debt securities of middle-market companies. Our primary investment focus is investing in and originating leveraged loans to performing middle-market companies.

Tennenbaum Capital Partners, LLC (the "Advisor") serves as our and the Operating Company's investment advisor. The Advisor is a leading investment manager and specialty lender to middle-market companies that had in excess of $4.5 billion in capital commitments from investors ("committed capital") under management as of December 31, 2012, approximately 12% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of the Advisor, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

**We may offer, from time to time, in one or more offerings or series, together or separately, up to $150,000,000 in shares of our common stock to provide us with additional capital. Shares of our common stock may be offered at prices and on terms to be disclosed in one or more supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest in shares of our common stock.**

Shares of our common stock may be offered directly to one or more purchasers, or through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to a particular offering will identify any agents, underwriters or dealers involved in the sale of shares of our common stock, and will disclose any applicable purchase price, fee, commission or discount arrangement between us and our agents, underwriters or dealers, or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any shares of our common stock through agents, underwriters or dealers without delivery of the prospectus and a prospectus supplement describing the method and terms of the offering of such shares of common stock.

The net asset value, or NAV, of our common stock on December 31, 2012 (the last date prior to the date of this prospectus on which NAV was determined) was $14.71 per share. Our common stock is traded on The Nasdaq Global Select Market under the symbol "TCPC." The last reported closing price for our common stock on March 22, 2013 was $15.75 per share. The offering price per share of our common stock sold from time to time less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make such offering.

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. We file annual, quarterly and current reports, proxy statements and other information about us with the Securities and Exchange Commission. A Statement of Additional Information, dated , 2013, containing additional information about the Holding Company and the Operating Company has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated by reference in its entirety into this prospectus. The Advisor maintains a website at http://www.tennenbaumcapital.com and we 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 free copies of our annual and quarterly reports, request a free copy of the Statement of Additional Information, the table of contents of which is on page 131 of this prospectus 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 collect at (310) 566-1094. The SEC 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.

The debt securities in which we typically invest are either rated below investment grade by independent rating agencies or would be rated below investment grade if such securities were rated by rating agencies. Below investment grade securities, which are often referred to as "hybrid securities," "junk bonds" or "leveraged loans" are regarded as having predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be illiquid and difficult to value.

**Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. If our shares trade at a discount to our net asset value, it will likely increase the risk of loss for purchasers in the offerings. 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 22 of this prospectus.**

Neither the SEC 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.

**This prospectus may not be used to consummate sales of shares of our common stock unless accompanied by a prospectus supplement.**

The date of this prospectus is , 2013.

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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, the Statement of Additional Information, or SAI, incorporated by reference in its entirety in this prospectus, and the accompanying prospectus supplement. 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 no underwriters are, making offers to sell these securities in any jurisdiction where such 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, the information in the SAI is accurate only as of its respective date and the information in the accompanying prospectus supplement is accurate only as of the date on the front of the accompanying prospectus supplement. Our business, financial condition and prospects may have changed since that date. To the extent required by applicable law, we will update this prospectus and the SAI during the offering period to reflect material changes to the disclosure herein.

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we have filed with the SEC, using the "shelf" registration process. Under the shelf registration process, we may offer, from time to time on a delayed basis over a three year period, up to $150,000,000 in shares of our common stock. The shares of our common stock may be offered at prices and on terms described in one or more supplements to this prospectus. This prospectus provides you with a general description of the shares of our common stock that we may offer. Each time we use this prospectus to offer shares of our common stock, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. Please carefully read this prospectus and any prospectus supplement together with any exhibits and the additional information described under the heading "Additional Information" and the section under the heading "Risks" before you make an investment decision.

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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, including "Risks," and the Statement of Additional Information, dated , 2013 (the "SAI").*

*Throughout this prospectus, unless the context otherwise requires, a reference 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 (as defined below) 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;*

"*Advisor" refers 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 the offerings 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 are consolidated with those of the Operating Company as described below under "  Operating and Regulatory Tax Structure."*

*On April 2, 2012, 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 has elected 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." We completed our initial public offering on April 10, 2012. Our investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection. 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 primarily focus on privately negotiated investments in debt of middle-market companies, we 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

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connection with our debt investments. Our investment activities benefit from what we believe are the competitive advantages of the Advisor, including its diverse 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. Substantially all of our operating history and performance results have been achieved through our predecessor, Special Value Continuation Fund, LLC, which was a registered investment company but was neither a business development company nor a publicly traded company. There are no material operating differences between us and our predecessor, however, as a BDC we are deemphasizing distressed debt investments. See "  Company History and BDC Conversion."

As described in more detail below under "  Company History and BDC Conversion," we have no employees of our own and currently our only business and sole asset is the ownership of all of the common limited partner interests of the Operating Company. Our investment activities are externally managed by the Advisor, a leading investment manager with in excess of $4.5 billion in capital commitments from investors ("committed capital") under management, approximately 12% of which consists of the Holding Company's committed capital under management as of December 31, 2012, and a primary focus on providing financing to middle-market companies. Additionally, the Holding Company expects that it will continue to seek to qualify as a regulated investment company, or RIC, under Subchapter M of the Internal Revenue Code, or the Code.

**Investment Portfolio**

At December 31, 2012, our existing investment portfolio consisted of debt and equity positions in 46 portfolio companies valued at approximately $517.7 million. Debt positions represented approximately 93% of the total portfolio fair value and had a weighted-average effective yield and yield to maturity of approximately 11.3% and 11.6%, 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, 2012, the weighted-average remaining term of our debt investments was approximately 4.7 years. At December 31, 2012, the average investment size in our existing portfolio by issuer was $9.6 million. As of December 31, 2012, approximately 7.9% of our total assets consisted of distressed debt investments, none of which were delinquent, non-performing or in default. Equity positions represented approximately 7% of the total fair value of our investment portfolio. See "  Investment Strategy" for more information.

The following charts summarize our portfolio mix by industry and type based on the fair value of our investments as of December 31, 2012.

**Investment by Industry** **Investment by Asset Type**

**Tennenbaum Capital Partners, LLC**

Our investment activities are managed by the Advisor. The Advisor is a leading investment manager (including specialty lending to middle-market companies). The Advisor is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940, or the Advisers Act. As of December 31, 2012, the Advisor had in excess of $4.5 billion in committed capital under management, approximately 12% of which consists of the Holding Company's committed capital, and a team of approximately 30 investment professionals supported by approximately 45 administrative and back office personnel that focus on operations, finance, legal and compliance, accounting and reporting, investor relations, and information technology. The Advisor 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 the Advisor's active partners, or the Advisor Partners. The Advisor Partners have significant industry experience, including experience investing in middle-market companies. Together, the Advisor Partners have invested approximately $11.0 billion in over 250 companies since the Advisor'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 Advisor's platform as the Opportunity Funds. We believe the Advisor Partners' investment perspectives, complementary skills, and collective investment experience provides the Advisor with a strategic and competitive advantage in middle-market investing.

As our investment advisor, the Advisor 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 the Advisor 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 the Advisor's success. The Advisor's investment professionals have long-term working relationships with key sources of investment opportunities and 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, the Advisor'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 the Advisor'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 the Advisor, 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 Securities and Exchange Commission (the "SEC") and generally monitoring the payment of our expenses and the performance of administrative and professional services rendered to us by others.

Since the beginning of 2011, the Advisor executed in its Opportunity Funds over $980 million in direct origination leveraged loans primarily to middle-market companies, of which over $313 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 the Advisor. Our primary investment focus is the ongoing origination of and investments in leveraged loans of performing middle-market companies, building on the Advisor's established track record of origination and participation in the original syndication of approximately $4.3 billion of leveraged loans to 85 companies since 1999, of which we invested over $830 million in 53 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.

Our investments 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.

Our typical investments are 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 focus primarily on U.S. companies where we believe the Advisor's perspective, complementary skills and investment experience provides us with a competitive advantage and in industries where the Advisor sees an attractive risk reward profile due to macroeconomic trends and the Advisor's existing 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 the Advisor'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 the Advisor.* The Advisor's principals and professionals 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 the Advisor's principals and professionals gives us an advantage in sourcing, evaluating, structuring, negotiating, closing, and profitably exiting investments. The Advisor's advantages include:

- Significant investment expertise in over 30 different industry sectors;
- Track record of leveraged loan originations or participations in original syndications of approximately $4.3 billion to 85 companies since 1999, of which we invested over $830 million in 53 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 the Advisor 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). The Advisor's professionals supplement in-house expertise with industry experts, including the Advisor'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 the Advisor's views on and understanding of industry trends and broader economic conditions. These views are formulated and refined through the Advisor'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 the Advisor's proactive deployment of research and capital resources in the investment process. Quarterly portfolio reviews also help to inform the Advisor'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.

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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 the Advisor 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 the Advisor 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 the Advisor's Board of Advisors and Senior Executive Advisors. Additionally, the Advisor'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, the Advisor has originated or participated in the original syndication of approximately $4.3 billion of newly issued loans to 85 companies since 1999, of which we invested over $830 million in 53 companies. The Advisor has closed transactions with more than 35 different private equity sponsors. The Advisor is well known as a lender to middle-market companies in a variety of contexts including stressed, distressed, and complex and special situations. The Advisor'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, provides 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 (Variable Funding Capital Company LLC, Versailles CDS LLC and Nieuw Amsterdam Receivables Corp.) 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. For the purpose of the Revolving Facility, LIBOR means the one-month U.S. dollar deposits which appears on the Telerate Page 3750 as of 11:00 a.m. (London time) on the date the rate is to be determined or as otherwise may be determined pursuant to the Revolving Facility if such rate does not appear on the Telerate Page 3750. The weighted-average financing rate on the Leverage Program at December 31, 2012 was 0.92%. As preferred shareholders the lenders have the right under the 1940 Act to elect two directors of the Operating Company.

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**Market opportunity**

We believe that the Advisor 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 the Advisor will be able to source profitable opportunities of this type for us, and we have a limited 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 Pitchbook, from 2006 to May 2012 there was approximately $432 billion of uninvested capital raised by private equity funds from U.S. investors. 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.

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, commenced operations on July 31, 2006 and registered as a non-diversified closed-end management investment company under the 1940 Act. 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 elected BDC status on April 2, 2012.

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 on April 2, 2012. The Holding Company currently conducts its investment operations through the Operating Company. In this regard, the Holding Company will invest substantially all of the net proceeds from the offerings 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 expects to redeem any Preferred Interests then outstanding and transfer its remaining assets to the Holding Company, and the Holding Company expects to continue operations as a stand-alone BDC and make investments directly, rather than through the Operating Company, in accordance with the investment objective and policies described herein.

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An organizational structure diagram showing our organizational structure is set forth below:

The Holding Company's management consists of the Advisor and its board of directors. The Operating Company's management consists of the Advisor, 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 the Advisor and the General Partner. The Advisor directs and executes the day-to-day operations of the Holding Company, and the Advisor 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 boards of directors, which set the broad policies of the Holding Company and perform 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 the Advisor, subject to oversight by the board of directors. The managing member of the General Partner is the Advisor, 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 the Advisor, employees of the Advisor and Babson Capital Management, LLC, or Babson. 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 directors also serve as the directors of the Operating Company so as to be able to control any issuances by the Operating Company.

**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. 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. 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

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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 are each BDCs, their assets, liabilities and results of operations will be consolidated for purposes of this 70% requirement.

**Conflicts of Interests**

The Advisor 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. The Advisor 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, the Advisor 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 the Advisor and its affiliates.

There may be situations in which one or more funds or accounts managed by the Advisor or its affiliates might invest in different securities issued by the same company. It is possible that if the company's financial performance and condition deteriorates such that one or both investments are or could be impaired, the Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, the Advisor would review the conflict on a case-by-case basis and implement procedures consistent with its fiduciary duty to enable it to act fairly to each of its clients in the circumstances. Any steps by the Advisor will take into consideration the interests of each of the affected clients, the circumstances giving rise to the conflict, the procedural efficacy of various methods of addressing the conflict and applicable legal requirements.

**Recent Developments**

Significant portfolio events since December 31, 2012 include the following:

From January 1, 2013 through March 22, 2013, the Company has invested approximately $39.6 million in four senior secured loans and one senior secured note with an effective yield of approximately 10.3%.

On March 7, 2013, the Company's board of directors declared a first quarter cash dividend of $0.35 per share and a special dividend of $0.05 per share, both payable on March 29, 2013 to stockholders of record as of the close of business on March 18, 2013.

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Effective March 15, 2013 Rajneesh Vig assumed the role of Chief Operating Officer from Todd Gerch in connection with the opening of our New York office. Mr. Vig will also continue to serve in his current roles as President of the Company and a Managing Partner of the Advisor. Mr. Gerch will continue to serve in his current role as a Managing Director of the Advisor.

**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. The Advisor 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 the Advisor'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 the offerings;
- the possible lack of appropriate investments;
- the risk of an inability to renew, extend or replace the Leverage Program, the lack of experience of the 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 the 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 continue 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 22 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.**

**Presentation of Historical Financial Information**

Unless otherwise indicated, historical references contained in this prospectus in "    Selected Financial Data," "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

We may offer, from time to time, in one or more offerings or series, together or separately, up to $150,000,000 in shares of our common stock, which we expect to use to repay amounts outstanding under the Revolving Facility (which will increase the funds under the Revolving Facility available to us to make additional investments in portfolio companies) and to use the remainder to make investments in portfolio companies in accordance with our investment objective and for other general corporate purposes, including payment of operating expenses.

Shares of our common stock may be offered directly to one or more purchasers, through agents designated from time to time by us, or to or through underwriters or dealers. The prospectus supplement relating to a particular offering will disclose the terms of that offering, including the name or names of any agents, underwriters or dealers involved in the sale of the shares of our common stock, the purchase price, and any fee, commission or discount arrangement between us and our agents, underwriters or dealers, or the basis upon which such amount may be calculated. See "Plan of Distribution." We may not sell any shares of our common stock through agents, underwriters or dealers without delivery of a prospectus supplement describing the method and terms of the offering of such shares of our common stock. The offering price per share of our common stock sold from time to time less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make such offering.

Set forth below is additional information regarding the offering of shares of our common stock:

| | |
|---|---|
| The Nasdaq Global Select Market Symbol | "TCPC" |
| Use of Proceeds | Unless otherwise specified in a prospectus supplement, we intend to use the net proceeds to reduce our borrowings outstanding under the Revolving Facility and 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 the offerings 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. |
| Investment Management Arrangements | The Holding Company and the Operating Company have entered into separate but substantially identical investment management agreements with the Advisor, under which the Advisor, subject to the overall supervision of our respective boards of directors, manages the day-to-day operations of and provides investment advisory services to the Holding Company and the Operating Company. For providing these services, the Advisor receives 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. |

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The investment management agreements also provide for performance based returns to the Advisor 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 was incurred until after January 1, 2013.

The incentive compensation is calculated as the sum of (1) 20% of all ordinary income since January 1, 2013 and (2) 20% of all net realized capital gains (net of any net unrealized capital depreciation) since January 1, 2013, with each component being subject to a total return limitation of 8% of contributed common equity. The incentive compensation initially is payable by making 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 the Advisor.

The incentive compensation has 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 are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if the cumulative 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 are not 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 is 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 is 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.

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| | 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."<br>The base management fee is paid by the Operating Company to the Advisor and the incentive compensation, if any, is distributed by the Operating Company to the General Partner. The Holding Company, therefore, indirectly bears these amounts, which are 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 the Advisor directly by the Holding Company pursuant to its investment management agreement with the Advisor 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. |
| Distributions | We intend to make quarterly distributions to our stockholders. The timing and amount of our quarterly distributions, if any, is determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. In addition, because we will invest substantially all of our assets in the Operating Company, we are only able to pay distributions on our common stock from distributions received from the Operating Company. The Operating Company intends to make distributions that are sufficient to enable us to pay quarterly distributions to our stockholders and maintain our status as a regulated investment company, or a RIC. While it is intended that the distributions made by the Operating Company are 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 are 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 the offerings 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 "Material U.S. Federal Income Tax Matters." |

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|---|---|
| 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 are 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 by us and therefore increases the risks associated with investing in shares of our common stock. The Holding Company and the Operating Company will, on a consolidated basis, comply with the asset coverage and other requirements relating to the issuance of senior securities under the 1940 Act. Because the base investment advisory fee we pay the Advisor is calculated by reference to our total assets, the Advisor may have an incentive to increase our leverage in order to increase its fees. See "Risks." |
| Trading at a Discount | Shares of closed-end investment companies, including business development companies, frequently trade at a discount from their net asset value. We are not generally able to issue and sell our common stock at a price below our net asset value per share unless we have stockholder approval. The offering price per share of our common stock less any underwriting commissions or discounts will not be less than the net asset value per share of our common stock at the time we make such offering. The possibility that our shares may trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline. Our net asset value immediately following an offering will reflect reductions resulting from the sales load and the amount of such offering expenses paid by us. This risk may have a greater effect on investors expecting to sell their shares soon after completion of such offering, and our shares may be more appropriate for long-term investors than for investors with shorter investment horizons. We cannot predict whether our shares will trade above, at or below net asset value. See "Risks." |
| Dividend Reinvestment Plan | We have a dividend reinvestment plan for our stockholders. This is an "opt in" dividend reinvestment plan. As a result, if we declare a cash dividend or other distribution payable in cash, each stockholder that has not "opted in" to our dividend reinvestment plan will receive such dividends in cash, rather than having their dividends automatically reinvested in additional shares of our common stock. Stockholders who receive distributions in the form of shares of common stock will be subject to the same U.S. federal, state and local tax consequences as if they received their distributions in cash. See "Dividend Reinvestment Plan." |

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| | |
|---|---|
| Anti-Takeover Provisions | Our certificate of incorporation and the Amended and Restated Limited Partnership Agreement as well as certain statutory and regulatory requirements, contain certain provisions that may have the effect of discouraging a third party from making an acquisition proposal for us. These anti-takeover provisions may inhibit a change in control in circumstances that could give the holders of our common stock the opportunity to realize a premium over the market price for our common stock. See "Description of Securities." |
| Administrator | Under a separate administration agreement, the General Partner serves as our Administrator. As Administrator, the General Partner oversees our financial records, prepares reports to our stockholders and reports filed with the SEC, leases office space to us, provides us with equipment and office services and generally monitors the payment of our expenses and provides or supervises the performance of administrative and professional services used by us. We reimburse the Administrator for its costs in providing these services without paying any separate administration fee, markup or other profit in excess of fully allocated costs. Although the Administrator has waived these reimbursements through December 31, 2012, it may stop such waiver at any time. There is no predetermined limit on such expenses, however, reimbursement for any such expenses are subject to the review and approval of our board of directors. |
| License Agreement | We have entered into a royalty-free license agreement with the Advisor, pursuant to which the Advisor has agreed to grant us a non-exclusive license to use the name "TCP." |
| Available Information | We have filed with the SEC a registration statement on Form N-2 under the Securities Act of 1933, as amended, or the Securities Act, which contains additional information about us and the shares of our common stock being offered by this prospectus. We are obligated to file annual, quarterly and current reports, proxy statements and other information with the SEC. This information is available at the SEC's public reference room in Washington, D.C. and on the SEC's website at *http://www.sec.gov*. See "Additional Information."<br><br>The Advisor maintains a website at *http://www.tennenbaumcapital.com* and we make all of our annual, quarterly and current reports, proxy statements and other publicly filed information, including the SAI, which is incorporated by reference in this prospectus, available, free of charge, on or through this website. You may also obtain such information by contacting us at 2951 28th Street, Suite 1000, Santa Monica, CA 90405, or by calling us collect at (310) 566-1094. Information contained on the Advisor's website is not incorporated by reference into this prospectus, and you should not consider information contained on the Advisor's website to be part of this prospectus. |

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## FEES AND EXPENSES

The following table is intended to assist you in understanding the costs and expenses that an investor in our common stock will bear directly or indirectly. **The following table and example should not be considered a representation of our future expenses. Actual expenses may be greater or less than shown**. The following table and example represent our best estimate of the fees and expenses that we expect to incur during the next twelve months. Further, the fees and expenses below are presented on a consolidated basis directly or indirectly to include expenses of the Company and the Operating Company that investors in our common stock offering will bear.

| | |
|---|---|
| **Stockholder Transaction Expenses** | |
| **Sales Load (as a percentage of offering price)** | %(1) |
| Offering Expenses (as a percentage of offering price) | %(2) |
| Dividend Reinvestment Plan Fees | (3) |
| **Total Stockholder Transaction Expenses (as a percentage of offering price)** | % |
| **Annual Expenses (as a Percentage of Net Assets Attributable to Common Stock)(4)** | |
| **Base Management Fees** | 2.68%(5) |
| Incentive Compensation Payable Under the Investment Management Agreement (20% of ordinary income and capital gains) | 0%(6) |
| Interest Payments on Borrowed Funds | 0.37%(7) |
| Preferred Dividends | 0.44%(8) |
| Other Expenses (estimated) | 0.82%(9) |
| **Total Annual Expenses** | 4.31% |

(1) In the event that the shares of common stock to which this prospectus relates are sold to or through underwriters, a corresponding prospectus supplement will disclose the estimated applicable sales load.

(2) The related prospectus supplement will disclose the estimated amount of offering expenses, the offering price and the estimated offering expenses borne by us as a percentage of the offering price.

(3) The expenses of the dividend reinvestment plan are included in "other expenses." See "Dividend Reinvestment Plan."

(4) The "net assets attributable to common stock" used to calculate the percentages in this table is our average assets of $320.3 million for the year ended December 31, 2012. The related prospectus supplement will disclose the offering price and the total stockholder transaction expenses as a percentage of the offering price.

(5) Base management fees are paid quarterly in arrears. The base management fee of 1.5% is calculated based on the value of our total assets (excluding cash and cash equivalents) at the end of the most recently completed calendar quarter. The percentage shown in the table, which assumes all capital and leverage is invested at the maximum level, is calculated by determining the ratio that the aggregate base management fee bears to our net assets attributable to common stock and not total assets. We make this conversion because all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders. If we borrow money or issue preferred stock and invest the proceeds other than in cash and cash equivalents, our base management fees will increase. The base management fee for any partial quarter is appropriately pro rated. See "Management of the Company Investment Management Agreements."

(6)
Under the investment management agreements and the Amended and Restated Limited Partnership Agreement, no incentive compensation was incurred until after January 1, 2013. The incentive compensation has two components, ordinary income and capital gains. Each component is payable quarterly in arrears (or upon termination of the Advisor as the investment manager or the General Partner as of the termination date) and is calculated based on the cumulative return for periods beginning January 1, 2013 and ending on the relevant calculation date.

Each of the two components of incentive compensation is separately subject to a total return limitation. Thus, notwithstanding the following provisions, we are not obligated to pay or distribute any ordinary income incentive compensation or any capital gains incentive compensation if our cumulative total return does not exceed an 8% annual return on daily weighted average contributed common equity. The incentive compensation we would pay is subject to a total return limitation. That is, no incentive compensation is paid if our cumulative annual total return is less than 8% of our average contributed common equity. If our cumulative annual total return is above 8%, the total cumulative incentive compensation we pay is not more than 20% of our cumulative total return, or, if lower, the amount of our cumulative total return that exceeds the 8% annual rate.

Subject to the above limitation, the ordinary income component is 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 is the amount, if positive, equal to 20% of the cumulative realized capital gains (computed net of cumulative realized losses and cumulative net unrealized capital depreciation), less cumulative capital gains incentive compensation previously paid or distributed. For assets held on January 1, 2013, capital gain, loss and depreciation are measured on an asset by asset basis against the value thereof as of December 31, 2012. The capital gains component will be paid or distributed in full prior to payment or distribution of the ordinary income component.

(7)
"Interest Payments on Borrowed Funds" represents dividends, interest and fees estimated to be accrued on the Revolving Facility and amortization of debt issuance costs, and assumes the Revolving Facility is fully drawn (subject to asset coverage limitations under the 1940 Act) and that the interest rate on the debt issued under the Revolving Facility is the rate in effect as of December 31, 2012, which was 0.65%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(8)
"Preferred Dividends" represents dividends estimated to be accumulated on the Preferred Interests and assumes that the dividend rate on the Preferred Interests is the rate in effect as of December 31, 2012, which was 1.06%. When we borrow money or issue preferred stock, all of our interest and preferred stock dividend payments are indirectly borne by our common stockholders.

(9)
"Other Expenses" includes our estimated overhead expenses, including expenses of the Advisor reimbursable under the investment management agreements and of the Administrator reimbursable under the administration agreement except for certain administration overhead costs which are not currently contemplated to be charged to us. Such expense estimate, other than the Administrator expenses, is based on actual other expenses for the fiscal year ended December 31, 2012.

**Example**

The following example demonstrates the projected dollar amount of total cumulative expenses (including stockholder transaction expenses and annual expenses) that would be incurred over various periods with respect to a hypothetical investment in our common stock. In calculating the following

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expense amounts, we have assumed that our annual operating expenses remain at the levels set forth in the table above.

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| You would pay the following expenses on a $1,000 investment, assuming a 5% annual return | $ 99 | $ 179 | $ 260 | $ 469 |

While the example assumes, as required by the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. There is no incentive compensation either on income or on capital gains under our investment management agreements and the Amended and Restated Limited Partnership Agreement assuming a 5% annual return and therefore it is not included in the example. If we achieve sufficient returns on our investments, including through the realization of capital gains, to trigger an incentive compensation of a material amount, our distributions to our common stockholders and our expenses would likely be higher. In addition, while the example assumes reinvestment of all dividends and distributions at net asset value, participants in our dividend reinvestment plan will receive a number of shares of our common stock, determined by dividing the total dollar amount of the dividend or distribution payable to a participant by the market price per share of our common stock at the close of trading on the valuation date for the dividend. See "Dividend Reinvestment Plan" for additional information regarding our dividend reinvestment plan.

Except where the context suggests otherwise, whenever this prospectus contains a reference to fees or expenses paid by "you," the "Company," the "Holding Company," the "Operating Company" or "us," our common stockholders will indirectly bear such fees or expenses, including through the Company's investment in the Operating Company.

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## SELECTED FINANCIAL DATA

The selected consolidated financial and other data below reflects the consolidated historical operations of the Holding Company and the Operating Company. This consolidated financial and other data is the Holding Company's historical financial and other data. The Operating Company will continue to be the Holding Company's sole investment following the completion of this offering.

The selected consolidated financial data below for the years ended December 31, 2012, 2011, 2010, 2009 and 2008 has been derived from the consolidated financial statements that were audited by our independent registered public accounting firm. This selected financial data should be read in conjunction with our financial statements and related notes thereto, which are incorporated by reference into this prospectus and the SAI, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Senior Securities" included elsewhere in this prospectus.

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The historical and future financial information may not be representative of the Company's financial information in future periods.

| | For the Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| **Performance Data:** | | | | | |
| Interest income | $ 49,243,332 | $ 42,113,358 | $ 32,410,819 | $ 26,678,140 | $ 34,719,010 |
| Dividend income | 1,811,189 | 10,610,159 | 13,547,924 | | 2,250,032 |
| Other income | 1,138,238 | 2,134,159 | 1,842,469 | 417,533 | 238,994 |
| Total investment income | 52,192,759 | 54,857,676 | 47,801,212 | 27,095,673 | 37,208,036 |
| Interest and credit agreement expenses | 857,757 | 942,288 | 893,806 | 949,554 | 5,314,342 |
| Investment advisory expense | 6,908,942 | 6,787,188 | 6,787,188 | 6,787,188 | 8,287,188 |
| Other expenses | 4,105,700 | 1,520,474 | 1,213,685 | 1,426,099 | 1,086,533 |
| Total expenses | 11,872,399 | 9,249,950 | 8,894,679 | 9,162,841 | 14,688,063 |
| Net investment income | 40,320,360 | 45,607,726 | 38,906,533 | 17,932,832 | 22,519,973 |
| Realized and unrealized gains (losses) | (12,784,251) | (38,878,881) | 31,621,019 | 36,142,346 | (209,274,336) |
| Dividends to preferred interest holders | (1,602,799) | (1,545,555) | (1,519,759) | (1,740,964) | (5,190,988) |
| Minority interest | | | | | 3,149,915 |
| Net increase (decrease) in net assets from operations | $ 25,933,310 | $ 5,183,290 | $ 69,007,793 | $ 52,334,214 | $ (188,795,436) |
| **Per Share Data (at the end of the period):*** | | | | | |
| Net increase (decrease) in net assets from operations | $ 1.21 | $ 12.37 | $ 164.72 | $ 124.92 | $ (450.63) |
| Distributions declared per share | (1.43) | (75.19) | (89.99) | (36.28) | (19.10) |
| Average weighted shares outstanding for the period | 21,475,847 | 418,956 | 418,956 | 418,956 | 418,956 |

* Per share amounts prior to the Conversion on April 2, 2012 are calculated based on 418,956 shares outstanding. Per share amounts subsequent to the Conversion are calculated on 21,475,847 weighted-average shares outstanding.

| | For the Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2012 | 2011 | 2010 | 2009 | 2008 |
| **Assets and Liabilities Data:** | | | | | |
| Investments | 517,683,087 | 378,960,536 | 453,034,872 | 343,062,967 | 348,504,225 |
| Other assets | 31,559,015 | 24,492,967 | 20,604,286 | 119,642,507 | 19,677,567 |
| Total assets | 549,242,102 | 403,453,503 | 473,639,158 | 462,705,474 | 368,181,792 |
| Amount drawn on credit facility | 74,000,000 | 29,000,000 | 50,000,000 | 75,000,000 | 34,000,000 |
| Other liabilities | 24,728,267 | 2,116,211 | 25,050,178 | 20,431,955 | 3,239,231 |
| Total liabilities | 98,728,267 | 31,116,211 | 75,050,178 | 95,431,955 | 37,239,231 |
| Preferred stock | | | 23,527 | 25,391 | 23,516 |
| Preferred limited partner interests | 134,526,285 | 134,466,418 | 134,377,869 | 134,368,337 | 135,173,468 |
| Minority interest | | | | | |
| Net assets | $ 315,987,550 | $ 237,870,874 | $ 264,187,584 | $ 232,879,791 | $ 195,745,577 |
| **Investment Activity Data:** | | | | | |
| No. of portfolio companies at period end | 54 | 41 | 44 | 40 | 27 |

| | | | | | |
|---|---|---|---|---|---|
| Acquisitions | $ 359,020,926 | $ 171,842,663 | $ 262,837,727 | $ 144,313,178 | $ 169,262,403 |
| Sales, repayments, and other disposals | $ 211,216,033 | $ 216,916,444 | $ 192,419,667 | $ 195,383,341 | $ 257,415,641 |
| Weighted-Average Yield on debt investments at end of period | 11.3% | 14.1% | 13.1% | 12.5% | 18.5% |

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## RISKS

*Before you invest in our common stock, you should be aware of various risks, including those described below. You should carefully consider these risk factors, together with all of the other information included in this prospectus, including our consolidated financial statements and the related notes thereto, before you decide whether to make an investment in our common stock. The risks set out below are not the only risks we face, but they are the principal risks associated with an investment in the Company. Additional risks and uncertainties not currently known to us or that are currently immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, our net asset value and the trading price of our common stock could decline, and you may lose all or part of your investment.*

### Certain risks in the current environment

***Capital markets have experienced a period of disruption and instability. These market conditions have materially and adversely affected debt and equity capital markets in the United States and abroad, which could have a negative impact on our business and operations.***

The global capital markets have experienced a period of disruption 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. Despite actions of the United States federal government and foreign governments, these events contributed to worsening general economic conditions that materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial services firms in particular. These conditions have ameliorated to some degree, but could continue for a prolonged period of time or worsen in the future. While these conditions persist, we and other companies in the financial services sector may be required to, or may choose to, seek access to alternative markets for debt and equity capital. Equity capital may be difficult to raise because, subject to some limited exceptions, as a BDC we are not generally able to issue and sell our common stock at a price below net asset value per share without first obtaining approval for such issuance from our stockholders and independent directors. In addition, the debt capital that will be available, if at all, may be at a higher cost, and on less favorable terms and conditions in the future. In addition, the portfolio companies in which we invest may not be able to service or refinance their debt, which could materially and adversely affect our financial condition as we could experience reduced income or even losses. The inability to raise capital and the risk of portfolio company defaults may have a negative effect on our business, financial condition and results of operations.

Moreover, recent market conditions have made, and may in the future make, it difficult to extend the maturity of or refinance our existing indebtedness and any failure to do so could have a material adverse effect on our business. The illiquidity of our investments may make it difficult for us to sell such investments if required. As a result, we may realize significantly less than the value at which we have recorded our investments.

The current financial market situation, as well as various social and political tensions in the United States and around the world, particularly in the Middle East, may continue to contribute to increased market volatility, may have long-term effects on the United States and worldwide financial markets, and may cause further economic uncertainties or deterioration in the United States and worldwide. Since 2010, several European Union ("EU") countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which may have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. The Advisor does not know how long the financial markets will

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continue to be affected by these events and cannot predict the effects of these or similar events in the future on the United States economy and securities markets or on our investments. The Advisor monitors developments and seeks to manage our investments in a manner consistent with achieving our investment objective, but there can be no assurance that it will be successful in doing so; and the Advisor may not timely anticipate or manage existing, new or additional risks, contingencies or developments, including regulatory developments in the current or future market environment.

Capital markets volatility also affects our investment valuations. While most of our investments are not publicly traded, applicable accounting standards require us to assume as part of our valuation process that our investments are sold in a principal market to market participants (even if we plan on holding an investment through its maturity). As a result, volatility in the capital markets can adversely affect our valuations.

**Risks related to our business**

***We may not replicate the Company's historical performance or the historical performance of other entities managed or supported by the Advisor.***

We may not be able to replicate the Company's historical performance or the historical performance of the Advisor's investments, and our investment returns may be substantially lower than the returns achieved by the Company in the past. We can offer no assurance that the Advisor will be able to continue to implement our investment objective with the same degree of success as it has had in the past.

***We may suffer credit losses.***

Investment in middle-market companies is highly speculative and involves a high degree of risk of credit loss, and therefore our securities may not be suitable for someone with a low tolerance for risk. These risks are likely to increase during an economic recession, such as the United States and many other economies recently experienced or are currently experiencing.

***Our use of borrowed funds and preferred securities, including under the Leverage Program, to make investments exposes us to risks typically associated with leverage.***

The Operating Company borrows money and has the Preferred Interests outstanding through the Leverage Program. As a result:

- our common stock is exposed to incremental risk of loss and a decrease in the value of our investments would have a greater negative impact on the value of our common stock than if we did not use leverage;

- adverse changes in interest rates could reduce or eliminate the incremental income we make with the proceeds of any leverage;

- we, and indirectly our common stockholders, bear the entire cost of issuing and paying interest or dividends on any borrowed funds or preferred securities issued by us or the Operating Company;

- our ability to pay dividends on our common stock will be restricted if our asset coverage ratio is not at least 200% and any amounts used to service indebtedness or preferred stock would not be available for such dividends; and

- our ability to amend the Operating Company organizational documents or investment management agreements may be restricted if such amendment could have a material adverse impact on the lenders under our Leverage Program.

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The Preferred Interests have similar risks to our common stockholders as borrowings. The Preferred Interests rank "senior" to common stock in our capital structure, resulting in the Preferred Interests having certain separate voting rights, dividend and liquidation rights, and possibly other rights, preferences or privileges more favorable than those granted to holders of our common stock. For example, payment of dividends and repayment of the liquidation preference of the Preferred Interests takes preference over any dividends or other payments to our common stockholders, and preferred holders are not subject to any of our expenses or losses. Furthermore, our Preferred Interests and the issuance of any additional preferred securities could delay, defer or prevent a transaction or a change of control that might involve a premium price for our common stockholders or otherwise be in your best interest.

The use of leverage creates increased risk of loss and is considered a speculative investment technique. The use of leverage magnifies the potential gains and losses from an investment and increases the risk of loss of capital. To the extent that income derived by us from investments purchased with borrowed funds or the issuances of preferred stock is greater than the cost of borrowing or issuing and servicing the preferred stock, our net income will be greater than if borrowing had not been used. Conversely, if the income from investments purchased from these sources is not sufficient to cover the cost of the leverage, our net investment income will be less than if leverage had not been used, and the amount available for ultimate distribution to the holders of common stock will be reduced. The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed. We may, under some circumstances, be required to dispose of investments under unfavorable market conditions in order to maintain our leverage, thus causing us to recognize a loss that might not otherwise have occurred. In the event of a sale of investments upon default under our borrowing arrangements, secured creditors will be contractually entitled to direct such sales and may be expected to do so in their interest, rather than in the interests of the holders of common stock. Holders of common stock will incur losses if the proceeds from a sale in any of the foregoing circumstances are insufficient, after payment in full of amounts due and payable on leverage, including administrative expenses, to repay such holders investments in our common stock. As a result, you could experience a total loss of your investment. Any decrease in our revenue would cause our net income to decline more than it would have had we not borrowed funds and could negatively affect our ability to make distributions on our common stock. The ability to service any debt or the Preferred Interests that we have or may have outstanding depends largely on our financial performance and is subject to prevailing economic conditions and competitive pressures. There is no limitation on the percentage of portfolio investments that can be pledged to secure borrowings. The amount of leverage that we employ at any particular time will depend on the Advisor's and our board of director's assessments of market and other factors at the time of any proposed borrowing.

***In addition to regulatory restrictions that restrict our ability to raise capital, the Leverage Program contains various covenants which, if not complied with, could accelerate repayment under the Revolving Facility or require redemption of the Preferred Interests, thereby materially and adversely affecting our liquidity, financial condition and results of operations.***

Under the Leverage Program, we must comply with certain financial and operational covenants. These covenants include:

- restrictions on the level of indebtedness that we are permitted to incur and the number of Preferred Interests we are permitted to have outstanding in relation to the value of our assets;
- restrictions on our ability to make distributions and other restricted payments under certain circumstances;
- restrictions on extraordinary events, such as mergers, consolidation and sales of assets;
- restrictions on our ability to incur liens and incur indebtedness; and

maintenance of a minimum level of stockholders' equity.

In addition, by limiting the circumstances in which borrowings may occur under the Revolving Facility, the credit agreement related to the Revolving Facility, or the Credit Agreement, in effect provides for various asset coverage, credit quality and diversification limitations on our investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase losses or result in adverse tax consequences. As of March 22, 2013, we were in compliance with these covenants. However our continued compliance with these covenants depends on many factors, some of which are beyond our control. Accordingly, there are no assurances that we will continue to comply with the covenants in the Credit Agreement. Failure to comply with these covenants would result in a default under the Credit Agreement which, if we were unable to obtain a waiver from the lenders thereunder, could result in an acceleration of repayments under the Credit Agreement. In addition, a default under the Credit Agreement will, in certain circumstances, require the Preferred Interests to be redeemed. As such, failure to comply with these covenants could have a material adverse impact on our business, financial condition and results of operations.

The Revolving Facility also has certain "key man" provisions. For example, it is an event of default if any of Michael E. Tennenbaum, Howard M. Levkowitz or Mark K. Holdsworth ceases to be actively involved in the management of the Advisor and is not replaced with someone with comparable skills within 180 days. Further, if any two of the individuals cease to be actively involved in management of the Advisor, the administrative agent under the Credit Agreement may veto a proposed replacement for one of such individuals and may veto any of the Operating Company's portfolio transactions that are in excess of 15% of its total assets until a replacement has been appointed to fill one of such positions.

***The Revolving Facility matures in July 2014 and the Preferred Interests will be subject to mandatory redemption in July 2016. Any inability to renew, extend or replace the Revolving Facility or replace the Preferred Interests could adversely impact our liquidity and ability to find new investments or maintain distributions to our stockholders.***

The Revolving Facility matures July 31, 2014, subject to extension by the lenders at our request for one 12-month period. Advances under the Revolving Facility generally bear interest at LIBOR plus 0.44%, subject to certain limitations. The Preferred Interests will be subject to mandatory redemption on July 31, 2016. We do not currently know whether we will renew, extend or replace the Revolving Facility upon its maturity or replace the Preferred Interests, or if we do either or both, whether we will be able to do so on terms that are as favorable as the Revolving Facility or Preferred Interests, respectively.

Upon the termination of the Revolving Facility, there can be no assurance that we will be able to enter into a replacement facility on terms that are as favorable to us, if at all. We expect that any facility we enter into will likely be on terms less favorable than currently contained in the Revolving Facility. Our ability to replace the Revolving Facility may be constrained by then-current economic conditions affecting the credit markets. In the event that we are not able to replace the Revolving Facility at the time of its maturity, this could have a material adverse effect on our liquidity and ability to fund new investments, our ability to make distributions to our stockholders and our ability to qualify as a RIC.

***The creditors under the Revolving Facility have a first claim on all of the Company's assets included in the collateral for the Revolving Facility.***

Lenders have fixed dollar claims on our assets that are superior to the claims of our common stockholders or any preferred holders. Substantially all of our current assets have been pledged as

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collateral under the Revolving Facility. If an event of default occurs under the Revolving Facility, the lenders would be permitted to accelerate amounts due under the Revolving Facility and liquidate our assets to pay off amounts owed under the Revolving Facility and limitations would be imposed on us with respect to the purchase or sale of investments. Such limitations may cause us to be unable to make or retain certain potentially attractive investments or to be forced to sell investments at an inappropriate time and consequently impair our profitability or increase our losses or result in adverse tax consequences.

In the event of the dissolution of the Operating Company or otherwise, if the proceeds of the Operating Company's assets (after payment in full of obligations to any such debtors and of any liquidation preference to any holders of preferred stock) are insufficient to repay capital invested in us by the holders of the common stock, no other assets will be available for the payment of any deficiency. None of our board of directors, the Advisor, the General Partner or any of their respective affiliates, have any liability for the repayment of capital contributions made to the Company by the holders of common stock. Holders of common stock could experience a total loss of their investment in the Company.

***Lenders under the Revolving Facility may have a veto power over the Company's investment policies.***

If a default has occurred under the Revolving Facility, the lenders under the Revolving Facility may veto changes in investment policies. The Revolving Facility also has certain limitations on unusual types of investments such as commodities, real estate and speculative derivatives, which are not part of the Company's investment strategy or policies in any event.

***If we incur additional leverage, it will increase the risk of investing in shares of our common stock.***

The Company has indebtedness and the Preferred Interests outstanding pursuant to the Leverage Program and expects, in the future, to borrow additional amounts under the Revolving Facility and may increase the size of the Revolving Facility or enter into other borrowing arrangements.

*Illustration.* The following table illustrates the effect of leverage on returns from an investment in our common stock assuming various annual returns, net of expenses and preferred dividends. The calculations in the table below are hypothetical and actual returns may be higher or lower than those appearing below. The calculation is based on our level of leverage at December 31, 2012, which represented borrowings and preferred stock equal to 37.9% of our total assets. On such date, we also had $549.2 million in total assets; an average cost of funds of 0.92%; $208.0 million aggregate principal amount of debt and liquidation preference of the Preferred Interests outstanding; and $316.0 million of total net assets. In order to compute the "Corresponding Return to Common Stockholders," the "Assumed Return on Portfolio (Net of Expenses Other than Interest)" is multiplied by the total value of our investment portfolio at December 31, 2012 to obtain an assumed return to us. From this amount, the interest expense and preferred dividends calculated by multiplying the interest rate and dividends of 0.92% by the $208.0 million debt and preferred stock is subtracted to determine the return available to stockholders. The return available to stockholders is then divided by the total value of our net assets at December 31, 2012 to determine the "Corresponding Return to Common Stockholders." Actual interest payments and preferred dividends may be different.

| **Assumed Return on Portfolio (Net of Expenses Other than Interest and Preferred Dividends)** | **-10%** | **-5%** | **0%** | **5%** | **10%** |
|---|---|---|---|---|---|
| Corresponding Return to Common Stockholders | -17% | -9% | -1% | 8% | 16% |

The assumed portfolio return in the table is based on SEC regulations and is not a prediction of, and does not represent, our projected or actual performance. The table also assumes that we will maintain a constant level of leverage. The amount of leverage that we use will vary from time to time.

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***Our most recent NAV was calculated as of December 31, 2012 and our NAV when calculated as of any date thereafter may be higher or lower.***

Our most recently estimated NAV per share is $14.71 determined by us as of December 31, 2012. NAV per share as of March 31, 2013, may be higher or lower than $14.71 based on potential changes in valuations, issuances of securities and earnings for the quarter then ended. Our board of directors has not yet determined the fair value of portfolio investments as of any date subsequent to December 31, 2012. Our board of directors determines the fair value of our portfolio investments on a quarterly basis in connection with the preparation of quarterly financial statements and based on input from independent valuation firms, the Advisor, the Administrator and the audit committee of our board of directors.

***Shares of our common stock may trade at a discount to our net asset value per share.***

Common stock of BDCs, like that of closed-end investment companies, frequently trades at a discount to current net asset value, which could adversely affect the ability to raise capital. In the past, shares of our common stock have traded at a discount to our net asset value. The risk that shares of our common stock may continue to trade at a discount to our net asset value is separate and distinct from the risk that our net asset value per share may decline.

***If we sell shares of our common stock at a discount to our net asset value per share, stockholders who do not participate in such sale will experience immediate dilution in an amount that may be material.***

Although we will not offer shares of our common stock pursuant to this prospectus at a discount to our net asset value per share, we are currently seeking stockholder approval at our 2013 annual meeting to authorize us to issue shares of common stock below net asset value, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering. The issuance or sale by us of shares of our common stock at a discount to net asset value poses a risk of dilution to our stockholders. In particular, stockholders who do not purchase additional shares of common stock at or below the discounted price in proportion to their current ownership will experience an immediate decrease in net asset value per share (as well as in the aggregate net asset value of their shares of common stock if they do not participate at all). These stockholders will also experience a disproportionately greater decrease in their participation in our earnings and assets and their voting power than the increase we experience in our assets, potential earning power and voting interests from such issuance or sale. In addition, such sales may adversely affect the price at which our common stock trades. For additional information and hy