

MARGOLIN ERIC M  
Form 4  
April 30, 2013

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
MARGOLIN ERIC M

2. Issuer Name and Ticker or Trading Symbol  
CARMAX INC [KMX]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
12800 TUCKAHOE CREEK PKWY  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
04/29/2013

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
SVP, Gen. Counsel & Secretary

RICHMOND, VA 23238

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)	
				(A) or (D) Code V	Amount	Price		
Common Stock	04/29/2013		M	20,000	A	\$ 11.43	40,390	D
Common Stock	04/29/2013		S	20,000	D	\$ 45.1	20,390	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Options (Right to Buy)	\$ 11.43	04/29/2013		M	20,000	04/07/2010	04/07/2016	Common Stock	20,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MARGOLIN ERIC M 12800 TUCKAHOE CREEK PKWY RICHMOND, VA 23238			SVP, Gen. Counsel & Secretary	

## Signatures

Lisa Ferron Lee                      04/30/2013

           \*\*Signature of                      Date  
Reporting Person

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. imes New Roman, Times, Serif; font-size: 8.67px; text-align: left; margin-top: -2.67px; margin-bottom: 0px; padding-bottom: pt; text-indent: 0px; padding-left: 5.33px; margin-right: 0px;">

**Radio and Television Broadcasting**

SiTV, Inc.  
Warrants to Purchase Common Stock

233,470

300,322

331,527

0.03  
%

C/E

**Retail**

Shop Holding, LLC  
Class A Units

507,167

480,049

379,665

0.03  
%

C/E

Shop Holding, LLC  
Warrants to Purchase Class A Units

326,691

—

3

—

C/E

480,049

379,668

0.03  
%

**Scheduled Air Transportation**

Aircraft Leased to Delta Air Lines, Inc.



N913DL  
Trust Beneficial Interests

1,009

87,287

117,497

0.01  
%

Explanation of Responses:

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E/F

N918DL  
Trust Beneficial Interests

829

94,907

135,890

0.01  
%

E/F

N954DL  
Trust Beneficial Interests

	775
	110,643
	72,604
	0.01 %
	E/F
N955DL Trust Beneficial Interests	

	749
	109,549
	111,010
	0.01 %
	E/F
N956DL Trust Beneficial Interests	

Explanation of Responses:	11
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	756
	109,486
	106,801
	0.01 %
	E/F
N957DL Trust Beneficial Interests	

	749
	110,163
Explanation of Responses:	12

107,682

0.01  
%

E/F

N959DL  
Trust Beneficial Interests

743

110,838

108,579

0.01  
%

E/F

N960DL  
Trust Beneficial Interests

	726
	113,477
	107,865
	0.01 %
	E/F
N961DL Trust Beneficial Interests	

	737
	112,742
	102,826
	0.01
Explanation of Responses:	14

%

E/F

N976DL  
Trust Beneficial Interests

883

97,111

102,006

0.01  
%

E/F

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	Stock				408,987	229,504	0.02 %
<b>are Publishers</b>							
line	Warrants to						
mediate, Inc.	Purchase						
	Common						
	Stock	1,232,731	522,678	789,441			0.07 %
<b>and</b>							
<b>Communications</b>							
<b>ers</b>							
a Telecom, Inc.	Common						
	Stock	1,274,522	8,433,885	5,295,511			0.44 %
a Telecom, Inc.	Warrants	346,939	19,920	226,482			0.02 %
ecom Investment	Common						
. (Luxembourg)	Shares	1,393	3,236,256	3,699,127			0.32 %
			11,690,061	9,221,120			0.78 %
<b>Equity</b>							
<b>ities</b>							
			61,357,548	32,942,771			2.81 %
<b>Investments</b>							
			1,189,498,522	1,146,535,886			
<b>and Cash</b>							
<b>valents</b>							
a Bank of	Commercial						
ornia	Paper	Fixed	— 0.03 %	1/2/2015		6,999,994	0.60 %
Denominated in							
gn Currencies							
						192,187	0.02 %
Held on Account							
rious Institutions							
						20,076,611	1.70 %
<b>and Cash</b>							
<b>valents</b>							
						27,268,792	2.32 %
<b>Cash and</b>							
<b>ments</b>							
						\$ 1,173,804,678	100.00 %

*Notes to Consolidated Schedule of Investments:*

Investments in bank debt generally are bought and sold among institutional investors in transactions not subject to (A) registration under the Securities Act of 1933. Such transactions are generally subject to contractual restrictions, such as approval of the agent or borrower.

Non-controlled affiliate – as defined under the Investment Company Act of 1940 (ownership of between 5% and (B) 25% of the outstanding voting securities of this issuer). See Consolidated Schedule of Changes in Investments in Affiliates.

TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Schedule of Investments (Continued)****December 31, 2014**

- (C) Non-income producing security.
- (D) Principal amount denominated in foreign currency. Amortized cost and fair value converted from foreign currency to US dollars. (See Note 2)
- (E) Restricted security. (See Note 2)
- (F) Controlled issuer – as defined under the Investment Company Act of 1940 (ownership of 25% or more of the outstanding voting securities of this issuer). Investment is not more than 50% owned nor deemed to be a significant subsidiary. See Consolidated Schedule of Changes in Investments in Affiliates.
- (G) Investment has been segregated to collateralize certain unfunded commitments.
- (H) Non-U.S. company or principal place of business outside the U.S. and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (I) Deemed an investment company under Section 3(c) of the Investment Company Act and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (J) Publicly traded company with a market capitalization greater than \$250 million and as a result the investment is not a qualifying asset under Section 55(a) of the Investment Company Act. Under the Investment Company Act, the Company may not acquire any non-qualifying asset unless, at the time such acquisition is made, qualifying assets represent at least 70% of the Company's total assets.
- (K) Negative balances relate to an unfunded commitment that was acquired and valued at a discount.
- (L) In addition to the stated coupon, investment has a back-end fee payable upon repayment of the loan in the amount of 4.0% for Soraa, 8.0% for VitAg, 1.5% for Enerwise, 2.5% for NEXTracker, and 7.0% for Green Biologics.
- (M) All cash and investments, except those referenced in Notes G above, are pledged as collateral under certain debt as described in Note 4 to the Consolidated Financial Statements.
- LIBOR or EURIBOR resets monthly (M), quarterly (Q), semiannually (S), annually (A).

Aggregate acquisitions and aggregate dispositions of investments, other than government securities, totaled \$669,515,626, and \$266,008,974 respectively, for the twelve months ended December 31, 2014. Aggregate acquisitions includes investment assets received as payment in kind. Aggregate dispositions includes principal paydowns on and maturities of debt investments. The total value of restricted securities and bank debt as of December 31, 2014 was \$1,146,535,883, or 97.7% of total cash and investments of the Company.

Options and swaps at December 31, 2014 were as follows:

<b>Investment</b>	<b>Notional Amount</b>	<b>Fair Value</b>
Interest Rate Cap with Deutsche Bank AG, 4%, expires 5/15/2016	\$ 25,000,000	\$ 497
Euro/US Dollar Cross-Currency Basis Swap with Wells Fargo Bank, N.A., Pay Euros/Receive USD, Expires 3/31/2017	\$ 16,401,467	\$ 1,717,610

*See accompanying notes to the consolidated financial statements.*

Explanation of Responses:

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Statements of Operations**

	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Investment income</b>			
Interest income:			
Companies less than 5% owned	\$ 135,518,703	\$ 94,632,495	\$ 60,323,117
Companies 5% to 25% owned	5,932,861	5,394,075	5,445,021
Companies more than 25% owned	560,989	896,695	1,210,926
Dividend income:			
Companies 5% to 25% owned	—	1,968,748	—
Lease income:			
Companies 5% to 25% owned	1,352,797	320,277	420,375
Companies more than 25% owned	—	1,014,053	701,239
Other income:			
Companies less than 5% owned	3,349,659	2,328,980	1,470,116
Companies 5% to 25% owned	—	26,125	38,252
Total investment income	146,715,009	106,581,448	69,609,046
<b>Operating expenses</b>			
Management and advisory fees	18,593,660	13,646,064	8,820,229
Interest and other debt expenses	12,125,830	6,197,090	2,339,447
Administrative expenses	1,600,477	1,421,863	849,228
Legal fees, professional fees and due diligence expenses	1,175,657	953,284	400,039
Custody fees	296,555	225,754	146,360
Insurance expense	251,405	192,168	126,237
Director fees	213,411	239,107	192,410
Other operating expenses	1,112,893	557,020	394,873
Total operating expenses	35,369,888	23,432,350	13,268,823
<b>Net investment income</b>	<b>111,345,121</b>	<b>83,149,098</b>	<b>56,340,223</b>
<b>Net realized and unrealized gain (loss) on investments and foreign currency</b>			
Net realized gain (loss):			
Investments in companies less than 5% owned	(7,077,393 )	(16,370,638 )	(40,379,889 )
Investments in companies 5% to 25% owned	(10,613,422 )	(4,748,229 )	(7,004,857 )

Explanation of Responses:

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Investments in companies more than 25% owned	19,167	—	—
Net realized loss	(17,671,648 )	(21,118,867 )	(47,384,746 )
Change in net unrealized appreciation/depreciation	(4,733,463 )	(6,185,711 )	56,456,107
Net realized and unrealized gain (loss)	(22,405,111 )	(27,304,578 )	9,071,361
<b>Net increase in net assets from operations</b>	<b>88,940,010</b>	<b>55,844,520</b>	<b>65,411,584</b>
Gain on repurchase of Series A preferred interests	1,675,000	—	—
Dividends on Series A preferred equity facility	(1,251,930 )	(1,444,634 )	(1,516,585 )
Net change in accumulated dividends on Series A preferred equity facility	497,790	6,462	22,033
<b>Net increase in net assets applicable to common limited and general partners resulting from operations</b>	<b>\$ 89,860,870</b>	<b>\$ 54,406,348</b>	<b>\$ 63,917,032</b>

*See accompanying notes to the consolidated financial statements.*

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Statements of Changes in Net Assets**

	<b>Year Ended December 31, 2015</b>		
	<b>Total</b>	<b>Common Limited Partner</b>	<b>General Partner</b>
Net assets applicable to common limited and general partners, beginning of year	\$ 833,816,090	\$ 833,816,090	\$ —
Contributions from common limited partner	2,301,407	2,301,407	—
Net investment income	111,345,121	91,244,559	20,100,562
Net realized loss	(17,671,648 )	(17,671,648 )	—
Change in net unrealized appreciation/depreciation	(4,733,463 )	(4,733,463 )	—
Gain on repurchase of Series A preferred interests	1,675,000	1,675,000	—
Dividends paid on preferred equity facility	(1,251,930 )	(1,001,544 )	(250,386 )
Net change in accumulated dividends on preferred equity facility	497,790	398,232	99,558
Net increase in net assets applicable to common limited and general partners resulting from operations	89,860,870	69,911,136	19,949,734
Distributions to common limited and general partners from:			
Net investment income	(98,522,766 )	(78,573,032 )	(19,949,734 )
Net assets applicable to common limited and general partners, end of period (including accumulated net investment income of \$25,141,636 in the account of the Common Limited Partner)	\$ 827,455,601	\$ 827,455,601	\$ —

	<b>Year Ended December 31, 2014</b>		
	<b>Total</b>	<b>Common Limited Partner</b>	<b>General Partner</b>
Net assets applicable to common limited and general partners, beginning of year	\$ 552,263,625	\$ 551,095,042	\$ 1,168,583
Contributions from common limited partner	312,201,570	312,201,570	—
Net investment income	83,149,098	67,690,585	15,458,513

Explanation of Responses:

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Net realized loss	(21,118,867 )	(20,215,019 )	(903,848 )
Change in net unrealized appreciation/depreciation	(6,185,711 )	(5,920,975 )	(264,736 )
Dividends paid on preferred equity facility	(1,444,634 )	(1,155,707 )	(288,927 )
Net change in accumulated dividends on preferred equity facility	6,462	5,170	1,292
Net increase in net assets applicable to common limited and general partners resulting from operations	54,406,348	40,404,054	14,002,294
Distributions to common limited and general partners from:			
Net investment income	(85,055,453 )	(69,884,576 )	(15,170,877 )
Net assets applicable to common limited and general partners, end of period (including accumulated net investment income of \$22,994,510 in the account of the Common Limited Partner)	\$ 833,816,090	\$ 833,816,090	\$ —

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Statements of Changes in Net Assets**

	<b>Year Ended December 31, 2013</b>		
	<b>Total</b>	<b>Common Limited Partner</b>	<b>General Partner</b>
Net assets applicable to common limited and general partners, beginning of year	\$ 317,209,574	\$ 317,209,574	\$ —
Contributions from common limited partner	225,201,350	225,201,350	—
Net investment income	56,340,223	45,474,169	10,866,054
Net realized loss	(47,384,746 )	(37,907,797 )	(9,476,949 )
Net change in unrealized appreciation/depreciation	56,456,107	45,164,886	11,291,221
Dividends paid on preferred equity facility	(1,516,585 )	(1,213,268 )	(303,317 )
Net change in accumulated dividends on preferred equity facility	22,033	17,626	4,407
Net increase in net assets applicable to common limited and general partners resulting from operations	63,917,032	51,535,616	12,381,416
Distributions to common limited and general partners from:			
Net investment income	(53,418,640 )	(42,851,498 )	(10,567,142 )
Realized gains	(645,691 )	—	(645,691 )
Net assets applicable to common limited and general partners, end of period (including accumulated net investment income of \$26,850,149, \$26,499,634 and \$350,515, respectively)	\$ 552,263,625	\$ 551,095,042	\$ 1,168,583

*See accompanying notes to the consolidated financial statements.*

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Statements of Cash Flows**

	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Operating activities</b>			
Net increase in net assets applicable to common limited and general partners from operations	\$ 89,860,870	\$ 54,406,348	\$ 63,917,032
Adjustments to reconcile net increase in net assets applicable to common limited and general partners resulting from operations to provided by (used in) operating activities:			
Net realized loss	17,671,648	21,118,867	47,384,746
Change in net unrealized appreciation/depreciation of investments	4,329,373	6,085,664	(55,997,304 )
Gain on repurchase of Series A preferred interests	(1,675,000 )	—	—
Dividends paid on Series A preferred equity facility	1,251,930	1,444,634	1,516,585
Net change in accumulated dividends on Series A preferred equity facility	(497,790 )	(6,462 )	(22,033 )
Accretion of original issue discount on investments	(14,963,453 )	(4,843,641 )	(2,017,458 )
Net accretion of market discount/premium	(63,868 )	(1,162,316 )	(2,007,794 )
Interest and dividend income paid in kind	(6,810,980 )	(6,045,878 )	(2,620,046 )
Amortization of deferred debt issuance costs	1,549,655	1,553,553	852,618
Changes in assets and liabilities:			
Purchases of investment securities	(494,117,029 )	(663,469,748 )	(468,467,273 )
Proceeds from sales, maturities and pay downs of investments	456,059,137	266,008,974	235,641,665
Decrease (increase) in accrued interest income - companies less than 5% owned	379,473	(2,939,648 )	(2,243,204 )
Decrease (increase) in accrued interest income - companies 5% to 25% owned	(487,319 )	161,074	67,573
Decrease (increase) in accrued interest income - companies more than 25% owned	(780 )	13,241	11,833
Decrease (increase) in receivable for investments sold	10,961,369	(7,355,405 )	4,121,451
Increase in prepaid expenses and other assets	(46,606 )	(1,277,250 )	(398,159 )
Increase (decrease) in payable for investments purchased	4,375,896	(12,657,424 )	(7,107,877 )
Increase in interest payable	1,400,277	832,095	311,736
Increase (decrease) in payable to the Advisor	(68,100 )	41,489	239,222

Explanation of Responses:

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Increase (decrease) in payable to parent	(1,031,498 )	499,781	531,717
Increase in accrued expenses and other liabilities	7,577	417,582	420,314
Net cash provided by (used in) operating activities	68,084,782	(347,174,470 )	(185,864,656 )

**Financing activities**

Borrowings	511,300,000	563,500,000	283,000,000
Repayments of debt	(338,000,000 )	(435,500,000 )	(262,000,000 )
Repurchase of Series A preferred interests	(132,325,000 )	—	—
Payments of debt issuance costs	(4,130,414 )	(3,226,543 )	(3,125,685 )
Dividends paid on Series A preferred equity facility	(1,251,930 )	(1,444,634 )	(1,516,585 )
Dividends paid to common limited partner	(78,573,032 )	(69,884,576 )	(42,851,498 )
Distributions of incentive allocation to the General Partner	(19,045,170 )	(14,186,737 )	(7,893,933 )
Contributions from the common limited partner	2,301,407	312,201,570	225,201,350
Net cash provided by (used in) financing activities	(59,724,139 )	351,459,080	190,813,649

Net increase in cash and cash equivalents	8,360,643	4,284,610	4,948,993
Cash and cash equivalents at beginning of year	27,268,792	22,984,182	18,035,189
Cash and cash equivalents at end of year	\$ 35,629,435	\$ 27,268,792	\$ 22,984,182

**Supplemental cash flow information**

Interest payments	\$ 8,020,802	\$ 2,925,946	\$ 352,084
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*See accompanying notes to the consolidated financial statements.*

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements****December 31, 2015****1. Organization and Nature of Operations**

Special Value Continuation Partners, LP (the Partnership) a Delaware limited partnership, commenced operations on July 31, 2006 as an externally managed, closed-end, non-diversified management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). On April 2, 2012, the Partnership elected to be treated as a business development company (BDC) under the 1940 Act (the Conversion). The Partnership's investment objective is to achieve high total returns through current income and capital appreciation, with an emphasis on principal protection.

Investment operations are conducted either directly in the Partnership or in one of the Partnership's wholly owned subsidiaries, TCPC Funding I, LLC, a Delaware limited liability company (TCPC Funding) and TCPC SBIC, LP, a Delaware limited partnership (the SBIC). The SBIC was organized in June 2013, and, on April 22, 2014, received a license from the United States Small Business Administration (the SBA) to operate as a small business investment company under the provisions of Section 301(c) of the Small Business Investment Act of 1958. The Partnership, TCPC Funding, and the SBIC invest primarily in the debt of middle-market companies, including senior secured loans, junior loans, mezzanine debt and bonds. Such investments may include an equity component, and, to a lesser extent, the Partnership, TCPC Funding, and the SBIC may make equity investments directly. The Partnership, TCPC Funding, and the SBIC have elected to be treated as partnerships for U.S. federal income tax purposes. TCP Capital Corp. (TCPC) owns the entire common limited partner interest in the Partnership. TCPC has also elected to be treated as a business development company under the 1940 Act.

The general partner of the Partnership is SVOF/MM, LLC, which also serves as the administrator of TCPC and the Partnership (the Administrator or the General Partner). The managing member of the General Partner is Tennenbaum Capital Partners, LLC, which serves as the Advisor to TCPC, the Partnership, TCPC Funding and the SBIC. Most of the equity interests in the General Partner are owned directly or indirectly by the Advisor and its employees.

Partnership management consists of the General Partner and the board of directors. The General Partner directs and executes the day-to-day operations of the Partnership subject to oversight from the board of directors, which performs certain functions required by the 1940 Act. The board of directors has delegated investment management of the Partnership's assets to the Advisor. The board of directors consists of six persons, four of whom are independent.

**2. Summary of Significant Accounting Policies*****Basis of Presentation***

The consolidated financial statements of the Partnership include the accounts of the Partnership, TCPC Funding and the SBIC and have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). The Partnership is an investment company following accounting and reporting guidance in Accounting Standards Codification (ASC) Topic 946, *Financial Services – Investment Companies*. The Partnership has consolidated the results of its wholly owned subsidiaries in its consolidated financial statements in accordance with ASC Topic 946. All intercompany account balances and transactions have been eliminated in consolidation. The following is a summary of the significant accounting policies of the Partnership.

Explanation of Responses:

***Reclassifications***

Certain prior period amounts in the Statement of Operations relating to interest expense, amortization of deferred debt issuance costs and commitment fees have been reclassified into interest and other debt expenses to conform to the current period presentation.

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**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2015**

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

*Use of Estimates*

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

*Investment Valuation*

Management values investments at fair value in accordance with GAAP, based upon the principles and methods of valuation set forth in policies adopted by the board of directors. Fair value is generally defined as the amount for which an investment would be sold in an orderly transaction between market participants at the measurement date.

All investments are valued at least quarterly based on affirmative pricing or quotations from independent third-party sources, with the exception of investments priced directly by the Advisor which together comprise, in total, less than 5% of the capitalization of the Partnership. Investments listed on a recognized exchange or market quotation system, whether U.S. or foreign, are valued using the closing price on the date of valuation. Investments not listed on a recognized exchange or market quotation system, but for which reliable market quotations are readily available are valued using prices provided by a nationally recognized pricing service or by using quotations from broker-dealers.

Investments for which market quotations are either not readily available or are determined to be unreliable are priced at fair value using affirmative valuations performed by independent valuation services approved by the board of directors or, for investments aggregating less than 5% of the total capitalization of the Partnership, using valuations determined directly by the Advisor. Such valuations are determined under a documented valuation policy that has been reviewed and approved by the board of directors.

Pursuant to this policy, investment professionals of the Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms as applicable, which firms evaluate such materials along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Advisor. The audit committee of the board of directors discusses the valuations, and the board of directors approves the fair value of the investments in good faith based on the input of the Advisor, the respective independent valuation firms as applicable, and the audit committee of the board of directors.

Generally, to increase objectivity in valuing the investments, the Advisor will utilize external measures of value, such as public markets or third-party transactions, whenever possible. The Advisor's valuation is not based on long-term work-out value, immediate liquidation value, nor incremental value for potential changes that may take place in the future. The values assigned to investments that are valued by the Advisor are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances

and cannot reasonably be determined until the individual investments are actually liquidated. The foregoing policies apply to all investments, including those in companies and groups of affiliated companies aggregating more than 5% of the Partnership's assets.

Fair valuations of investments in each asset class are determined using one or more methodologies including the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)**

identical or comparable assets. Such information may include observed multiples of earnings and/or revenues at which transactions in securities of comparable companies occur, with appropriate adjustments for differences in company size, operations or other factors affecting comparability.

The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The discount rates used for such analyses reflect market yields for comparable investments, considering such factors as relative credit quality, capital structure, and other factors.

In following these approaches, the types of factors that may be taken into account also include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, comparable costs of capital, the principal market in which the investment trades and enterprise values, among other factors.

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

At December 31, 2015, the Partnership's investments were categorized as follows:

<b>Level</b>	<b>Basis for Determining Fair Value</b>	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
1	Quoted prices in active markets for identical assets	\$ —	\$ —	\$ —
2	Other direct and indirect observable market inputs*	92,311,257	39,817,757	—
3	Independent third-party valuation sources that employ significant unobservable inputs	907,967,337	89,314,530	49,956,123,
3	Advisor valuations with significant unobservable inputs	1,124,504	—	2,428,217
Total		\$ 1,001,403,098	\$ 129,132,287	\$ 52,384,340

\* For example, quoted prices in inactive markets or quotes for comparable investments Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2015 included the following:

<b>Asset Type</b>	<b>Fair Value</b>	<b>Valuation Technique</b>
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Explanation of Responses:

			<b>Unobservable Input</b>	<b>Range (Weighted Avg.)</b>
Bank Debt	\$ 715,701,737	Income approach	Discount rate	4.2% – 18.9% (11.8%)
	140,033,088	Market quotations	Indicative bid/ask quotes	1 – 5 (1)
	36,550,712	Market comparable companies	Revenue multiples	0.3x – 4.5x (2.2x)
	16,806,304	Market comparable companies	EBITDA multiples	3.3x – 11.5x (7.8x)
Other Corporate Debt	80,046,530	Market quotations	Indicative bid/ask quotes	1 (1)
	9,268,000	Market comparable companies	EBITDA multiples	7.3x (7.3x)
Equity	7,908,649	Income approach	Discount rate	5.9% – 26.2% (8.0%)
	15,827,563	Market quotations	Indicative bid/ask quotes	1 – 2 (1)
	3,212,249	Market comparable companies	Revenue multiples	0.3x – 6.0x (3.2x)
	25,435,879	Market comparable companies	EBITDA multiples	4.4x – 11.5x (6.8x)
	\$ 1,050,790,711			

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)**

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

<b>Input</b>	<b>Impact to Value if Input Increases</b>	<b>Impact to Value if Input Decreases</b>
Discount rate	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

Changes in investments categorized as Level 3 during the year ended December 31, 2015 were as follows:

	<b>Independent Third-Party Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ 840,538,179	\$ 56,621,975	\$ 30,618,142
Net realized and unrealized gains (losses)	(28,968,245 )	(791,712 )	15,282,086
Acquisitions*	531,073,121	1,200,149	15,292,847
Dispositions	(412,262,543 )	(7,263,190 )	(11,236,952 )
Transfers out of Level3 <sup>†</sup>	(36,143,175 )	(16,311,094 )	—
Transfers into Level3 <sup>‡</sup>	13,730,000	51,247,224	—
Reclassifications within Level3 <sup>§</sup>	—	4,611,178	—
Ending balance	\$ 907,967,337	\$ 89,314,530	\$ 49,956,123
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ (22,211,825 )	\$ (683,384 )	\$ 9,375,525

\* Includes payments received in kind

<sup>†</sup> Comprised of five investments that transferred to Level 2 due to increased observable market activity

<sup>‡</sup> Comprised of three investments that transferred from Level 2 due to reduced trading volumes

<sup>§</sup> Comprised of one investment that reclassified from Advisor Valuation

	<b>Advisor Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ —	\$ 4,611,178	\$ 2,324,629
Net realized and unrealized losses	134,445	—	104,805
Acquisitions*	1,725,244	—	—
Dispositions	(735,185 )	—	(1,217 )

Explanation of Responses:

Reclassifications within Level 3 <sup>†</sup>	—	(4,611,178 )	—
Ending balance	\$ 1,124,504	\$ —	\$ 2,428,217
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ 134,445	\$ —	\$ 333,095

\* Includes payments received in kind

<sup>†</sup> Comprised of one investment that reclassified to Independent Third-Party Valuation  
 There were no transfers between Level 1 and 2 during the year ended December 31, 2015.

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)**

At December 31, 2014, the Partnership's investments were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Other Corporate Debt	Equity Securities
1	Quoted prices in active markets for identical assets	\$ —	\$ —	\$ —
2	Other direct and indirect observable market inputs*	131,946,338	79,875,445	—
3	Independent third-party valuation sources that employ significant unobservable inputs	840,538,179	56,621,975	30,618,142
3	Advisor valuations with significant unobservable inputs	—	4,611,178	2,324,629
Total		\$ 972,484,517	\$ 141,108,598	\$ 32,942,771

\* For example, quoted prices in inactive markets or quotes for comparable investments Unobservable inputs used in the fair value measurement of Level 3 investments as of December 31, 2014 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Avg.)
Bank Debt	\$ 600,260,796	Income approach	Discount rate	4.2% – 21.4% (11.8%)
	213,981,543	Market quotations	Indicative bid/ask quotes	1 – 2 (1)
	15,192,545	Market comparable companies	Revenue multiples	0.4x (0.4x)
Other Corporate Debt	11,103,295	Market comparable companies	EBITDA multiples	6.5x – 7.8x (7.0x)
	67,691	Income approach	Discount rate	19.8% (19.8%)
	47,536,522	Market quotations	Indicative bid/ask quotes	1 – 6 (2)
Equity	13,628,940	Market comparable companies	EBITDA multiples	7.8x – 10.5x (8.7x)
	7,329,504	Income approach	Discount rate	6.0% – 18.0% (7.7%)
	4,463,532	Market quotations	Indicative bid/ask quotes	1 – 2 (1)

Explanation of Responses:

916,535	Market comparable companies	Revenue multiples	0.4x – 1.1x (1.1x)
20,233,200	Market comparable companies	EBITDA multiples	4.6x – 8.0x (6.6x)
\$ 934,714,103			

Changes in investments categorized as Level 3 during the year ended December 31, 2014 were as follows:

#### Independent Third-Party Valuation

	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ 515,953,643	\$ 53,334,634	\$ 36,066,746
Net realized and unrealized gains (losses)	(16,044,779 )	(6,935,629 )	(2,582,999 )
Acquisitions*	567,677,189	7,470,587	7,136,219
Dispositions	(171,906,580 )	(22,549,239 )	(9,646,950 )
Transfers out of Level 3 <sup>†</sup>	(59,202,094 )	—	—
Transfers into Level 3 <sup>‡</sup>	—	25,301,622	—
Reclassifications within Level 3 <sup>§</sup>	4,060,800	—	(354,874 )
Ending balance	\$ 840,538,179	\$ 56,621,975	\$ 30,618,142
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ (8,158,271 )	\$ (5,915,319 )	\$ (779,140 )

\* Includes payments received in kind

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

‡ Comprised of two investments that transferred from Level 2 due to reduced trading volumes

§ Comprised of one investment that reclassified from Advisor Valuation and one that reclassified to Advisor Valuation

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)**

	<b>Advisor Valuation</b>		
	<b>Bank Debt</b>	<b>Other Corporate Debt</b>	<b>Equity Securities</b>
Beginning balance	\$ 4,060,800	\$ 7,631,335	\$ 2,837,707
Net realized and unrealized losses	—	(506,374 )	(101,443 )
Acquisitions*	—	4,585,133	230,939
Dispositions	—	(7,098,916 )	(997,448 )
Reclassifications within Level 3 <sup>†</sup>	(4,060,800 )	—	354,874
Ending balance	\$ —	\$ 4,611,178	\$ 2,324,629
Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains/losses, above)	\$ —	\$ 164,526	\$ (1,098,891 )

\* Includes payments received in kind

<sup>†</sup> Comprised of one investment that reclassified to Independent Third-Party Valuation and one that reclassified from Independent Third-Party Valuation

There were no transfers between Level 1 and 2 during the year ended December 31, 2014.

***Investment Transactions***

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

***Cash and Cash Equivalents***

Cash consists of amounts held in accounts with brokerage firms and the custodian bank. Cash equivalents consist of highly liquid investments with an original maturity of generally three months or less. Cash equivalents are carried at amortized cost which approximates fair value. Cash equivalents are classified as Level 1 in the GAAP valuation hierarchy.

***Restricted Investments***

The Partnership may invest without limitation in instruments that are subject to legal or contractual restrictions on resale. These instruments generally may be resold to institutional investors in transactions exempt from registration or to the public if the securities are registered. Disposal of these investments may involve time-consuming negotiations and additional expense, and prompt sale at an acceptable price may be difficult. Information regarding restricted

investments is included at the end of the Consolidated Schedule of Investments. Restricted investments, including any restricted investments in affiliates, are valued in accordance with the investment valuation policies discussed above.

***Foreign Investments***

The Partnership may invest in instruments traded in foreign countries and denominated in foreign currencies. Foreign currency denominated investments comprised approximately 1.4% and 1.7% of total investments at December 31, 2015 and December 31, 2014, respectively. Such positions were converted at the respective closing foreign exchange rates in effect at December 31, 2015 and December 31, 2014 and reported in U.S. dollars. Purchases and sales of investments and income and expense items denominated in foreign currencies,

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)**

when they occur, are translated into U.S. dollars based on the foreign exchange rates in effect on the respective dates of such transactions. The portion of gains and losses on foreign investments resulting from fluctuations in foreign currencies is included in net realized and unrealized gain or loss from investments.

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

***Derivatives***

In order to mitigate certain currency exchange and interest rate risks, the Partnership has entered into certain swap and option transactions. All derivatives are reported at their gross amounts as either assets or liabilities in the Consolidated Statements of Assets and Liabilities. The transactions entered into are accounted for using the mark-to-market method with the resulting change in fair value recognized in earnings for the current period. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in interest rates and the value of foreign currency relative to the U.S. dollar. The Partnership is required under the terms of its derivative agreement to pledge assets as collateral to secure its obligation under the derivatives. As of December 31, 2015, \$0.5 million of cash was pledged as collateral under the Partnership's derivative instruments, and was included in cash and cash equivalents in the Consolidated Statements of Assets and Liabilities.

The Partnership did not enter into any new derivative transactions during the year ended December 31, 2015. At December 31, 2015, the Partnership held an interest rate cap with a notional amount of \$25.0 million and a cross currency basis swap with a notional amount of \$16.4 million. The interest rate cap and the cross currency basis swap are reported in the Consolidated Statements of Assets and Liabilities as unrealized appreciation on swaps and options, respectively. Gains and losses from derivatives during the year ended December 31, 2015 were included in net realized and unrealized loss on investments in the Consolidated Statements of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swap	\$ —	\$ 1,511,832
Interest rate cap	—	(497 )

The Partnership did not enter into any new derivative transactions during the year ended December 31, 2014. At December 31, 2014, the Partnership held an interest rate cap with a notional amount of \$25.0 million and a cross currency basis swap with a notional amount of \$16.4 million. The interest rate cap and the cross currency basis swap are reported in the Consolidated Statements of Assets and Liabilities as unrealized appreciation on swaps and options,

respectively. Gains and losses from derivatives during the year ended December 31, 2014 were included in net realized and unrealized loss on investments in the Consolidated Statements of Operations as follows:

<b>Instrument</b>	<b>Realized Gains (Losses)</b>	<b>Unrealized Gains (Losses)</b>
Cross currency basis swap	\$ —	\$ 2,048,793
Interest rate cap	—	(13,642 )

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**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)**

**Notes to Consolidated Financial Statements (Continued)**

**December 31, 2015**

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

Valuations of derivatives held at December 31, 2015 and December 31, 2014 were determined using observable market inputs other than quoted prices in active markets for identical assets and, accordingly, are classified as Level 2 in the GAAP valuation hierarchy.

***Debt Issuance Costs***

Costs of approximately \$1.8 million were incurred during 2015 in connection with the extension of the Partnership's credit facility (see Note 4). Costs of approximately \$1.9 million and \$1.8 million were incurred during 2015 and 2014, respectively, in connection with placing and extending TCPC Funding's revolving credit facility (see Note 4). Costs of approximately \$0.4 million and \$1.5 million were incurred during 2015 and 2014, respectively, in connection with placing the SBIC's SBA debentures (see Note 4). These costs were deferred and are being amortized on a straight-line basis over the estimated life of the respective instruments. The impact of utilizing the straight-line amortization method versus the effective-interest method is not material to the operations of the Partnership.

***Revenue Recognition***

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment, as are end-of-term or exit fees receivable upon repayment of a debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when earned and are included in interest income.

Certain debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. GAAP generally requires that discounts on the acquisition of corporate bonds, municipal bonds and treasury bonds be amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

***Income Taxes***

The income or loss of the Partnership, TCPC Funding and the SBIC is reported in the respective partners' income tax returns. Consequently, no income taxes are paid at the partnership level or reflected in the Partnership's financial statements. In accordance with ASC Topic 740 – *Income Taxes*, the Partnership recognizes in its consolidated financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. As of December 31, 2015, all tax years of the Partnership, TCPC Funding and the SBIC since January 1, 2011 remain subject to examination by federal tax authorities. No such examinations are currently pending.

Explanation of Responses:

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Cost and unrealized appreciation and depreciation of the Partnership's investments (including derivatives) for U.S. federal income tax purposes at December 31, 2015 and December 31, 2014 were as follows:

	<b>December 31, 2015</b>		<b>December 31, 2014</b>
Unrealized appreciation	\$ 30,920,149		\$ 32,342,656
Unrealized depreciation	(79,759,600 )		(73,638,935 )
Net unrealized depreciation	(48,839,451 )		(41,296,279 )
Cost	\$ 1,231,759,176		\$ 1,189,550,272

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****2. Summary of Significant Accounting Policies – (continued)*****Recent Accounting Pronouncements***

In May 2014, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*. Under this new pronouncement, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 applies to all entities and, for public entities, is effective for annual periods beginning after December 15, 2017, and interim periods within those fiscal years. Early application is permitted, but no earlier than annual periods beginning after December 15, 2016 and interim periods within that reporting period. The Partnership does not expect adoption of this pronouncement to have a material impact on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis*, which amends or supersedes the scope and consolidation pronouncement under existing GAAP. In particular, the new pronouncement changes the manner in which a reporting entity evaluates whether 1) an entity is a variable interest entity (VIE), 2) fees paid to decision makers or service providers are variable interests in a VIE, and 3) variable interests in a VIE held by related parties require the reporting entity to consolidate the VIE. The guidance also introduces a separate consolidation analysis specific to limited partnerships and similar entities. ASU 2015-02 also eliminates the VIE consolidation model based on majority exposure to variability that applied to certain investment companies and similar entities. For public entities, ASU 2015-02 is effective for annual periods beginning after December 15, 2015 and early adoption is permitted. The Partnership does not expect adoption of this pronouncement to have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs*, which in most cases requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. In August 2015, the FASB issued ASU 2015-15, *Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements – Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015*, which clarified ASU 2015-03 to note that debt issuance costs incurred in connection with line-of-credit arrangements may continue to be presented as an asset in the balance sheet. ASU 2015-03 is effective for annual periods beginning after December 15, 2015, and interim periods within those fiscal years. Early application is permitted. ASU 2015-15 should be adopted concurrent with the adoption of ASU 2015-03. The Partnership does not expect adoption of these pronouncements to have a material impact on its consolidated financial statements.

On January 5, 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities*. The more significant changes to the current GAAP model resulting from the ASU that may impact the Company include 1) eliminate the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost, 2) require public entities to use the exit price notion when measuring the fair value of financial

instruments for disclosure purposes and 3) require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or in the accompanying notes to the financial statements. ASU 2016-01 is effective for annual periods beginning after December 15, 2017, including interim periods within those fiscal years. Early application is permitted. The Partnership does not expect adoption of this pronouncement to have a material impact on its consolidated financial statements.

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****3. Management Fees, Incentive Compensation and Other Expenses**

The Partnership's management fee is calculated at an annual rate of 1.5% of total assets (excluding cash and cash equivalents) of TCPC on a consolidated basis as of the beginning of each quarter and is payable to the Advisor quarterly in arrears.

Incentive compensation is only paid to the extent that TCPC's total performance exceeds a cumulative 8% annual return since January 1, 2013 (the "Total Return Hurdle"). The incentive compensation equals 20% of net investment income (reduced by preferred dividends) and 20% of net realized gains (reduced by any net unrealized losses), subject to the Total Return Hurdle. The incentive compensation is payable quarterly in arrears as an allocation and distribution to the General Partner and is calculated as the difference between cumulative incentive compensation earned since January 1, 2013 and cumulative incentive compensation paid since January 1, 2013. A reserve for incentive compensation is allocated to the account of the General Partner based on the amount of additional incentive compensation that would have been distributable to the General Partner assuming a hypothetical liquidation of TCPC and the Partnership at net asset value on the balance sheet date. The General Partner's equity interest in the Partnership is comprised entirely of such reserve amount, if any, and is reflected in the Consolidated Statement of Changes in Net Assets. As of December 31, 2015 and 2014, no such reserve was allocated.

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

**4. Leverage**

Leverage is comprised of amounts outstanding under a term loan issued by the Partnership (the "Term Loan"), amounts outstanding under a senior secured revolving credit facility issued by the Partnership (the "SVCP Revolver" and together with the Term Loan, the "SVCP Facility"), amounts outstanding under a senior secured revolving credit facility issued by TCPC Funding (the "TCPC Funding Facility"), debentures guaranteed by the SBA (the "SBA Debentures"), and, prior to the repurchase and retirement of remaining interests on September 3, 2015, amounts outstanding under a preferred equity facility issued by the Partnership (the "Preferred Interests").

Total leverage outstanding and available at December 31, 2015 was as follows:

	<b>Maturity</b>	<b>Rate</b>	<b>Outstanding</b>	<b>Available</b>	<b>Total Capacity</b>
SVCP Facility					
SVCP Revolver	2018	L+1.75 %*	\$ 24,000,000	\$ 92,000,000	\$ 116,000,000
Term Loan	2018	L+1.75 %*	100,500,000	—	100,500,000
TCPC Funding Facility	2020	L+2.50 %*†	229,000,000	121,000,000	350,000,000

Explanation of Responses:

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SBA Debentures	2024-2025	2.84	% <sup>‡</sup>	42,800,000	32,200,000	75,000,000	§
Total leverage				\$ 396,300,000	\$ 245,200,000	\$ 641,500,000	

\* Based on either LIBOR or the lender's cost of funds, subject to certain limitations

† Or L+2.25% subject to certain funding requirements

‡ Weighted-average interest rate on pooled loans of \$38.8 million, excluding fees of 0.36%. As of December 31, 2015, the remaining \$4.0 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.90% plus fees of 0.36% through March 22, 2016, the date of the next SBA pooling.

§ Anticipated total capacity of \$150.0 million

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****4. Leverage – (continued)**

Total leverage outstanding and available at December 31, 2014 was as follows:

	<b>Maturity</b>	<b>Rate</b>	<b>Outstanding</b>	<b>Available</b>	<b>Total Capacity</b>
SVCP Revolver	2016	L+2.50 %*	\$ 70,000,000	\$ 46,000,000	\$ 116,000,000
TCPC Funding Facility	2017	L+2.50 %*	125,000,000	125,000,000	250,000,000
SBA Debentures	2024-2025	3.02 %†	28,000,000	47,000,000	75,000,000 §
Preferred Interests	2016	L+0.85 %*	134,000,000	—	134,000,000
Total leverage			\$ 357,000,000	\$ 218,000,000	\$ 575,000,000

\* Based on either LIBOR or the lender's cost of funds, subject to certain limitations

Interest rate on pooled loans of \$18.5 million, excluding fees of 0.36%. As of December 31, 2014, the remaining

† \$9.5 million of the outstanding amount was not yet pooled, and bore interest at a temporary rate of 0.56% plus fees of 0.36% through March 25, 2015, the date of the next SBA pooling.

‡ Anticipated total capacity of \$150.0 million

The combined weighted-average interest and dividend rates on total leverage outstanding at December 31, 2015 and December 31, 2014 were 2.65% and 2.15%, respectively.

Total expenses related to debt include:

	<b>Year Ended December 31,</b>		
	<b>2015</b>	<b>2014</b>	<b>2013</b>
Interest expense	\$ 9,421,079	\$ 3,758,041	\$ 1,194,158
Amortization of deferred debt issuance costs	1,549,655	1,553,553	852,618
Commitment fees	1,155,096	885,496	292,671
Total	\$ 12,125,830	\$ 6,197,090	\$ 2,339,447

Amounts outstanding under the SVCP Facility, the TCPC Funding Facility and the SBA Debentures are carried at amortized cost in the Consolidated Statements of Assets and Liabilities. As of December 31, 2015, the estimated fair values of the TCPC Funding Facility and the SBA Debentures approximated their carrying values, and the SVCP Facility had an estimated fair value of \$123.1 million. The estimated fair values of the SVCP Facility, the TCPC Funding Facility and the SBA Debentures are determined by discounting projected remaining payments using market interest rates for borrowings of the Partnership and entities with similar credit risks at the measurement date. At December 31, 2015, the fair values of the SVCP Facility, the TCPC Funding Facility and the SBA Debentures as prepared for disclosure purposes were deemed to be Level 3 in the GAAP valuation hierarchy.

***SVCP Facility***

The SVCP Facility consists of a \$100.5 million fully-drawn senior secured term loan and a senior secured revolving credit facility which provides for amounts to be drawn up to \$116.0 million, subject to certain collateral and other restrictions. The SVCP Facility matures on July 31, 2018. Most of the cash and investments held directly by the Partnership, as well as the net assets of TCPC Funding and the SBIC, are included in the collateral for the facility.

Advances under the SVCP Facility through July 31, 2014 bore interest at an annual rate equal to 0.44% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility for periods from July 31, 2014 through September 3, 2015 bore interest at an annual rate equal to 2.50% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility from September 3, 2015 through July 31, 2016 bear interest at an annual rate equal to 1.75% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20 basis points). Advances under the SVCP Facility from July 31, 2016 through the maturity date of the facility will bear interest at an annual rate of 2.50% plus either LIBOR or the lender's cost of funds (subject to a cap of LIBOR plus 20

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****4. Leverage – (continued)**

basis points). In addition to amounts due on outstanding debt, the SVCP Revolver accrues commitment fees of 0.20% per annum on the unused portion of the facility, or 0.25% per annum when less than \$46.4 million in borrowings are outstanding. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should the Partnership fail to satisfy certain financial or other covenants. As of December 31, 2015, the Partnership was in full compliance with such covenants.

**SBA Debentures**

As of December 31, 2015 the SBIC is able to issue up to \$75.0 million in SBA Debentures, subject to funded regulatory capital and other customary regulatory requirements. As of December 31, 2015, the Partnership had committed \$75.0 million of regulatory capital to the SBIC, \$58.0 million of which had been funded. SBA Debentures are non-recourse and may be prepaid at any time without penalty. Once drawn, the SBIC debentures bear an interim interest rate of LIBOR plus 30 basis points. The rate then becomes fixed at the time of SBA pooling, which occurs twice each year, and is set to the then-current 10-year treasury rate plus a spread and an annual SBA charge.

SBA Debentures outstanding as of December 31, 2015 were as follows:

<b>Issuance Date</b>	<b>Maturity</b>	<b>Debenture Amount</b>	<b>Fixed Interest Rate</b>	<b>SBA Annual Charge</b>
Pooled loans:				
September 24, 2014	September 1, 2024	\$ 18,500,000	3.02 %	0.36 %
March 25, 2015	March 1, 2025	9,500,000	2.52 %	0.36 %
September 23, 2015	September 1, 2025	10,800,000	2.83 %	0.36 %
		38,800,000	2.84 %*	
Non-pooled loans:				
December 18, 2015	March 22, 2016	4,000,000	0.90 %	0.36 %
		\$ 42,800,000		

\* Weighted-average interest rate on pooled loans

**TCPC Funding Facility**

The TCPC Funding Facility is a senior secured revolving credit facility which provides for amounts to be drawn up to \$350.0 million, subject to certain collateral and other restrictions. The facility matures on March 6, 2020, subject to extension by the lender at the request of TCPC Funding. The facility contains an accordion feature which allows for expansion of the facility to up to \$400.0 million subject to consent from the lender and other customary conditions. The cash and investments of TCPC Funding are included in the collateral for the facility.

Borrowings under the TCPC Funding Facility bear interest at a rate of LIBOR plus either 2.25% or 2.50% per annum, subject to certain funding requirements, plus an administrative fee of 0.25% per annum. In addition to amounts due on

Explanation of Responses:

outstanding debt, the facility accrues commitment fees of 0.50% per annum on the unused portion of the facility, or 0.75% per annum when the unused portion is greater than 33% of the total facility, plus an administrative fee of 0.25% per annum. The facility may be terminated, and any outstanding amounts thereunder may become due and payable, should TCPC Funding fail to satisfy certain financial or other covenants. As of December 31, 2015, TCPC Funding was in full compliance with such covenants.

***Preferred Interests***

As of December 31, 2015, the Partnership had fully repurchased and retired all outstanding Preferred Interests. When issued, the Preferred Interests were comprised of 6,700 Series A preferred limited partner interests with a liquidation preference of \$20,000 per interest. The Preferred Interests accrued dividends at an annual rate equal to 0.85% plus either LIBOR or the interest holder's cost of funds (subject to a cap of LIBOR plus 20 basis points).

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****4. Leverage – (continued)**

On June 30, 2015, the Partnership repurchased and retired 1,675 of the previously outstanding 6,700 Preferred Interests at a price of \$31.8 million. On September 3, 2015, the Partnership repurchased and retired the remaining 5,025 Preferred Interests outstanding at a price of \$100.5 million.

**5. Commitments, Contingencies, Concentration of Credit Risk and Off-Balance Sheet Risk**

The Partnership, TCPC Funding and the SBIC conduct business with brokers and dealers that are primarily headquartered in New York and Los Angeles and are members of the major securities exchanges. Banking activities are conducted with a firm headquartered in the San Francisco area.

In the normal course of business, investment activities involve executions, settlement and financing of various transactions resulting in receivables from, and payables to, brokers, dealers and the custodian. These activities may expose the Partnership to risk in the event that such parties are unable to fulfill contractual obligations. Management does not anticipate any material losses from counterparties with whom it conducts business. Consistent with standard business practice, the Partnership, TCPC Funding and the SBIC enter into contracts that contain a variety of indemnifications, and are engaged from time to time in various legal actions. The maximum exposure under these arrangements and activities is unknown. However, management expects the risk of material loss to be remote.

The Consolidated Schedules of Investments include certain revolving loan facilities and other commitments held by the Partnership with unfunded balances at December 31, 2015 and 2014 as follows:

Issuer	Maturity	Unfunded Balances	
		December 31, 2015	December 31, 2014
AP Gaming I, LLC	12/20/2018	\$ 12,500,000	\$ 7,500,000
Acrisure, LLC	11/19/2022	1,351,596	4,482,352
Alpheus Communications, LLC	5/31/2018	1,072,256	749,919
Anuvia Plant Nutrients Holdings, LLC (VitAG)	2/1/2018	4,300,000	4,300,000
Asset International, Inc.	7/31/2020	565,544	3,753,550
Blue Coat Systems, Inc.	5/31/2018	N/A	12,000,000
Cargojet Airways, LTD.	1/31/2023	14,457,306	N/A
Central MN Renewables, LLC	1/16/2016	2,100,000	N/A
Daymark Financial Acceptance, LLC	1/12/2020	20,000,000	N/A
Edmentum, Inc.	6/9/2020	3,368,586	N/A
Enerwise Global Technologies, Inc.	11/30/2017	7,500,000	7,500,000
Essex Ocean, LLC	3/25/2019	22,008,557	N/A

Explanation of Responses:

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Fidelis Acquisitionco, LLC	11/4/2019	1,909,286	N/A
InMobi, Inc.	9/1/2018	9,354,959	N/A
MediMedia USA, Inc.	5/20/2018	4,293,500	3,875,000
Mesa Air Group, Inc.	7/15/2022	13,575,000	13,575,000
NEXTracker, Inc.	7/1/2016	N/A	15,000,000
Redaptive, Inc.	7/1/2018	15,000,000	N/A
RM OpCo, LLC (Real Mex)	3/30/2018	440,774	1,889,033
SunEdison, Inc.	2/28/2017	N/A	9,379,246
Utilidata, Inc.	1/1/2019	4,800,000	N/A
Vistrionix, LLC	12/4/2018	205,558	570,996
Waterfall International, Inc.	9/1/2018	3,200,000	N/A
Total Unfunded Balances		\$ 142,002,922	\$ 84,575,096

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****6. Related Party Transactions**

TCPC, the Partnership, TCPC Funding, the SBIC, the Advisor, the General Partner and their members and affiliates may be considered related parties. From time to time, the Partnership advances payments to third parties on behalf of TCPC which are reimbursable through deductions from distributions to TCPC. At December 31, 2015 and December 31, 2014, no such amounts were outstanding. From time to time, the Advisor advances payments to third parties on behalf of the Partnership and receives reimbursement from the Partnership. At December 31, 2015, amounts reimbursable to the Advisor totaled \$0.3 million and \$0.3 million, respectively, as reflected in the Consolidated Statements of Assets and Liabilities.

Pursuant to an administration agreement between the Administrator and the Partnership (the Administration Agreement), the Administrator may be reimbursed for costs and expenses incurred by the Administrator for office space rental, office equipment and utilities allocable to the Partnership, as well as costs and expenses incurred by the Administrator or its affiliates relating to any administrative, operating, or other non-investment advisory services provided by the Administrator or its affiliates to the Partnership. For the years ended December 31, 2015, 2014 and 2013, expenses allocated pursuant to the Administration Agreements totaled \$1.6 million, \$1.4 million and \$0.8 million, respectively. The Administrator waived reimbursement of all administrative expenses prior to January 1, 2013.

On November 25, 2014, the Partnership obtained an exemptive order (the Exemptive Order) from the Securities and Exchange Commission permitting the Partnership to purchase certain investments from affiliated investment companies at fair value. The Exemptive Order exempts the Partnership from provisions of Sections 17(a) and 57(a) of the 1940 Act which would otherwise restrict such transfers. All such purchases are subject to the conditions set forth in the Exemptive Order, which among others include certain procedures to verify that each purchase is done at the current fair value of the respective investment. During the years ended December 31, 2015 and 2014, the Partnership purchased approximately \$94.5 million and 26.5 million, respectively, of investments from affiliates (as defined in the 1940 Act), which were classified as Level 2 in the GAAP valuation hierarchy at the time of the transfer. The selling party has no continuing involvement in the transferred assets. All of the transfers were consummated in accordance with the provisions of the Exemptive Order and were accounted for as a purchase in accordance with ASC 860, *Transfers and Servicing*.

**7. Distributions**

The Partnership's distributions are recorded on the record date. The timing of distributions is determined by the General Partner, which has provided the Advisor with certain criteria for such distributions.

**8. Subsequent Events**

On February 26, 2016, the TCPC's board of directors declared a first quarter regular dividend of \$0.36 per share payable on March 31, 2016 to stockholders of record as of the close of business on March 17, 2016.

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Explanation of Responses:

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****9. Financial Highlights**

The financial highlights with respect to the common limited partner are as follows:

	<i>Year Ended December 31,</i>				
	<i>2015</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>
Return on invested assets <sup>(1)</sup>	9.4 %	9.7 %	13.6 %	9.0 %	3.0 %
Gross return to common limited partner	10.9 %	9.4 %	17.8 %	9.8 %	2.0 %
Less: General Partner profit allocation	(2.2 )%	(1.9 )%	(3.6 )%	—	—
Return to common limited partner <sup>(2)</sup>	8.7 %	7.5 %	14.2 %	9.8 %	2.0 %
Ratios to average common equity: <sup>(3)</sup>					
Net investment income <sup>(4)</sup>	13.2 %	10.2 %	11.5 %	14.3 %	17.7 %
Expenses	4.2 %	3.5 %	3.4 %	3.3 %	3.5 %
Expenses and General Partner allocation	6.6 %	5.6 %	6.5 %	3.3 %	3.5 %
Ending net assets attributable to common limited partner	\$ 827,455,601	\$ 833,816,090	\$ 552,263,625	\$ 317,209,574	\$ 237,606,302
Portfolio turnover rate	37.8 %	28.4 %	38.9 %	48.3 %	42.8 %
Weighted-average debt outstanding <sup>(5)</sup>	\$ 407,622,740	\$ 290,547,945	\$ 222,471,233	\$ 159,374,317	\$ 176,038,356
Weighted-average interest rate on debt <sup>(6)</sup>	2.5 %	1.8 %	1.2 %	1.1 %	1.1 %

Explanation of Responses:

*As of December 31,*

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
<b>Asset Coverage:</b>					
Series A Preferred Equity Facility:					
Interests outstanding	—	6,700	6,700	6,700	6,700
Involuntary liquidation value per interest	N/A	\$ 20,074	\$ 20,075	\$ 20,079	\$ 20,070
Asset coverage per interest	N/A	\$ 66,659	\$ 68,255	\$ 50,593	\$ 49,219
<b>Revolving Facilities:</b>					
Debt outstanding	\$ 396,300,000	\$ 223,000,000	\$ 95,000,000	\$ 74,000,000	\$ 29,000,000
Asset coverage per \$1,000 of debt outstanding	\$ 3,067	\$ 5,312	\$ 8,192	\$ 7,093	\$ 13,794

- (1) Return on invested assets is a time-weighted, geometrically linked rate of return and excludes cash and cash equivalents.
- Returns (net of dividends on the preferred equity facility, allocations to the General Partner, and Partnership expenses, including financing costs and management fees) calculated on a monthly geometrically linked, time-weighted basis.
- (2) These ratios include interest expense but do not reflect the effect of dividends on the preferred equity facility.
- (3) (4) Net of allocation to the General Partner.
- (5) Includes both debt and preferred leverage.
- (6) Includes dividends on the preferred leverage facility.

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(A Delaware Limited Partnership)****Notes to Consolidated Financial Statements (Continued)****December 31, 2015****10. Select Quarterly Data (Unaudited)**

	<i>2015</i>			
	<i>Q4</i>	<i>Q3</i>	<i>Q2</i>	<i>Q1</i>
Total investment income	\$ 39,616,004	\$ 35,345,832	\$ 38,937,820	\$ 32,815,353
Net investment income	29,580,153	26,532,610	30,215,214	25,017,144
Net realized and unrealized gain	(18,739,472 )	(1,886,201 )	(2,214,992 )	435,554
Gain on repurchase of Series A preferred interests	—	—	1,675,000	—
Preferred dividends	—	(62,294 )	(349,907 )	(341,939 )
Net increase in net assets resulting from operations	\$ 10,840,681	\$ 24,584,115	\$ 29,325,315	\$ 25,110,759
	<i>2014</i>			
	<i>Q4</i>	<i>Q3</i>	<i>Q2</i>	<i>Q1</i>
Total investment income	\$ 32,135,038	\$ 27,190,466	\$ 24,587,300	\$ 22,668,644
Net investment income	24,664,904	21,132,932	19,123,094	18,228,168
Net realized and unrealized gain	(24,967,480 )	(4,505,178 )	(3,011,938 )	5,180,018
Preferred dividends	(360,303 )	(362,169 )	(357,060 )	(358,640 )
Net increase in net assets resulting from operations	\$ (662,879 )	\$ 16,265,585	\$ 15,754,096	\$ 23,049,546
	<i>2013</i>			
	<i>Q4</i>	<i>Q3</i>	<i>Q2</i>	<i>Q1</i>
Total investment income	\$ 20,985,737	\$ 17,288,371	\$ 14,469,195	\$ 16,865,743
Net investment income	16,501,761	13,810,017	11,874,483	14,153,962
Net realized and unrealized gain	3,120,563	2,937,047	658,362	2,355,389
Preferred dividends	(355,610 )	(387,982 )	(373,558 )	(377,402 )
Net increase in net assets resulting from operations	\$ 19,266,714	\$ 16,359,082	\$ 12,159,287	\$ 16,131,949

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(A Delaware Limited Partnership)****Consolidated Schedule of Changes in Investments in Affiliates<sup>(1)</sup>****Year Ended December 31, 2015**

<b>Security</b>	<b>Dividends or Interest<sup>(2)</sup></b>	<b>Fair Value at December 31, 2014</b>	<b>Acquisitions<sup>(3)</sup></b>	<b>Dispositions<sup>(4)</sup></b>	<b>Fair Value at December 31, 2015</b>
36th Street Capital Partners Holdings, LLC, Membership Units	\$ 15,600	\$ —	\$ 225,000	\$ —	\$ 225,000
36th Street Capital Partners Holdings, LLC, Subordinated Promissory Note, 12%, due 11/1/20	—	—	900,000	—	900,000
AGY Holding Corp., Senior Secured 2nd Lien Notes, 11%, due 11/15/16	1,019,480	9,017,764	250,236	—	9,268,000
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	592,466	4,869,577	—	—	4,869,577
Anacomp, Inc., Class A Common Stock	—	916,535	665,429	—	1,581,964
Edmentum Ultimate Holdings, LLC, Junior PIK Notes, 10%, due 6/9/20	715,131	—	12,054,264	(710,774 )	11,343,490
Edmentum Ultimate Holdings, LLC, Senior PIK Notes, 8.5%, due 6/9/20	124,828	—	2,612,408	—	2,612,408
Edmentum, Inc., Junior Revolving Facility, 5%, due 6/9/20	22,329	—	2,105,366	(2,105,366 )	—
Edmentum Ultimate Holdings, LLC, Class A Common Units	—	—	680,218	—	680,218
EPMC HoldCo, LLC, Membership Units	—	682,614	—	—	682,614
Essex Ocean II, LLC, Membership Units	—	—	200,686	—	200,686
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	1,330,125	14,656,950	121,560	(522,277 )	14,256,233

Explanation of Responses:

KAGY Holding Company, Inc., Series A Preferred Stock	—	121,975	5,996,540	—	6,118,515
N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	120,307	1,659,003	—	(1,340,023 )	318,980
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	137,289	1,899,950	—	(1,329,647 )	570,303
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	12,800	209,168	—	(93,551 )	115,617
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18	21,901	320,440	—	(82,946 )	237,494
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	30,753	437,679	315	(95,260 )	342,734
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	32,662	460,258	539	(91,635 )	369,162
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	32,415	457,902	479	(93,184 )	365,197
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	32,947	464,283	544	(92,435 )	372,392
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	33,476	470,601	612	(91,691 )	379,522
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	35,326	493,258	831	(90,220 )	403,869
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	34,574	484,908	694	(92,487 )	393,115
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	20,940	314,588	—	(96,267 )	218,321
N913DL Equipment Trust Beneficial Interests	25,444	117,497	90,909	(100,905 )	107,501
N918DL Equipment Trust Beneficial Interests	21,074	135,890	81,670	(89,898 )	127,662
N954DL Equipment Trust Beneficial Interests	21,205	72,604	112,997	(107,751 )	77,850
N955DL Equipment Trust Beneficial Interests	20,000	111,010	103,527	(106,437 )	108,100
N956DL Equipment Trust Beneficial Interests	20,172	106,800	105,581	(107,903 )	104,478
N957DL Equipment Trust Beneficial Interests	19,872	107,682	105,105	(107,458 )	105,329
N959DL Equipment Trust Beneficial Interests	19,577	108,579	104,638	(107,014 )	106,203
N960DL Equipment Trust Beneficial Interests	18,590	107,865	104,750	(106,678 )	105,937
N961DL Equipment Trust Beneficial Interests	19,044	102,826	107,207	(108,546 )	101,487

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N976DL Equipment Trust Beneficial Interests	20,825	102,006	101,347	(102,560 )	100,793
RM Holdco, LLC, Equity Participation	—	792	—	(792 )	—
RM Holdco, LLC, Membership Units	—	—	—	—	—
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	272,075	3,900,025	18,674	(199,544 )	3,719,155
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	736,422	6,457,325	731,070	(2,697,402 )	4,490,993

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<b>Security</b>	<b>Dividends or Interest<sup>(2)</sup></b>	<b>Fair Value at December 31, 2014</b>	<b>Acquisitions<sup>(3)</sup></b>	<b>Dispositions<sup>(4)</sup></b>	<b>Fair Value at December 31, 2015</b>
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	238,052	2,567,717	239,889	(9,650 )	2,797,956
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	165,715	1,636,314	164,641	(17,919 )	1,783,036
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	120,207	631,164	1,557,069	—	2,188,233
United N659UA-767, LLC (N659UA)	581,125	3,177,822	1,268,821	(1,078,044 )	3,368,599
United N661UA-767, LLC (N661UA)	569,770	3,078,923	1,230,498	(1,015,397 )	3,294,024
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	—	4,175,000	1,050,000	(1,026,500 )	4,198,500

*Notes to Consolidated Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Partnership of 5% or more of the issuers' voting securities.
- (2) Also includes fee and lease income as applicable.
- (3) Acquisitions include new purchases, PIK income and net unrealized appreciation.
- (4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

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(A Delaware Limited Partnership)****Consolidated Schedule of Changes in Investments in Affiliates<sup>(1)</sup>****Year Ended December 31, 2014**

<b>Security</b>	<b>Dividends or Interest<sup>(2)</sup></b>	<b>Fair Value at December 31, 2013</b>	<b>Acquisitions<sup>(3)</sup></b>	<b>Dispositions<sup>(4)</sup></b>	<b>Fair Value at December 31, 2014</b>
AGY Holding Corp., Senior Secured Term Loan, 12%, due 9/15/16	\$ 327,716	\$ 2,056,927	\$ 2,812,650	\$ —	\$ 4,869,577
AGY Holding Corporation, Senior Secured 2nd Lien Notes, 11%, due 11/15/16	1,019,480	9,268,000	—	(250,236 )	9,017,764
Anacomp, Inc., Class A Common Stock	—	1,004,422	—	(87,887 )	916,535
EPMC HoldCo, LLC, Membership Units	—	1,562,137	969,968	(1,849,491 )	682,614
ESP Holdings, Inc., Cumulative Preferred 15%	1,968,748	3,947,862	239,170	(4,187,032 )	—
ESP Holdings, Inc., Common Stock	289,315	2,856,346	6,981,836	(9,838,181 )	—
ESP Holdings, Inc., Junior Unsecured Subordinated Promissory Notes, 6% Cash + 10% PIK, due 12/31/19	205,175	7,959,369	—	(7,959,369 )	—
Globecomm Systems Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.625%, 1.25% LIBOR Floor, due 12/11/18	1,344,702	15,097,500	1,500	(442,050 )	14,656,950
KAGY Holding Company, Inc., Series A Preferred Stock	—	662,134	—	(540,159 )	121,975
N510UA Aircraft Secured Mortgage, 20%, due 10/26/16	52,092	404,605	—	(404,605 )	—
N512UA Aircraft Secured Mortgage, 20%, due 10/26/16	53,275	414,010	—	(414,010 )	—
N536UA Aircraft Secured Mortgage, 16%, due 9/29/14	4,678	114,000	—	(114,000 )	—
N545UA Aircraft Secured Mortgage, 16%, due 8/29/15	25,964	275,405	—	(275,405 )	—
N585UA Aircraft Secured Mortgage, 20%, due 10/25/16	27,571	486,115	—	(486,115 )	—

Explanation of Responses:

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N659UA Aircraft Secured Mortgage, 12%, due 2/28/16	262,962	2,948,986	—	(1,289,983 )	1,659,003
N661UA Aircraft Secured Mortgage, 12%, due 5/4/16	274,461	3,171,026	—	(1,271,076 )	1,899,950
N510UA Equipment Trust Beneficial Interests	86,342	465,625	285,805	(751,430 )	—
N512UA Equipment Trust Beneficial Interests	85,549	458,277	281,999	(740,276 )	—
N536UA Equipment Trust Beneficial Interests	40,259	656,766	80,397	(737,163 )	—
N545UA Equipment Trust Beneficial Interests	107,483	641,840	163,935	(805,775 )	—
N585UA Equipment Trust Beneficial Interests	31,098	571,706	322,126	(893,832 )	—
N913DL Aircraft Secured Mortgage, 8%, due 3/15/17	19,714	296,820	—	(87,652 )	209,168
N918DL Aircraft Secured Mortgage, 8%, due 8/15/18	28,023	397,290	—	(76,850 )	320,440
N954DL Aircraft Secured Mortgage, 8%, due 3/20/19	37,801	524,620	—	(86,941 )	437,679
N955DL Aircraft Secured Mortgage, 8%, due 6/20/19	39,443	543,320	—	(83,062 )	460,258
N956DL Aircraft Secured Mortgage, 8%, due 5/20/19	39,309	542,640	—	(84,738 )	457,902
N957DL Aircraft Secured Mortgage, 8%, due 6/20/19	39,787	548,250	—	(83,967 )	464,283
N959DL Aircraft Secured Mortgage, 8%, due 7/20/19	40,262	553,520	—	(82,919 )	470,601
N960DL Aircraft Secured Mortgage, 8%, due 10/20/19	42,013	574,430	—	(81,172 )	493,258
N961DL Aircraft Secured Mortgage, 8%, due 8/20/19	41,423	568,310	—	(83,402 )	484,908
N976DL Aircraft Secured Mortgage, 8%, due 2/15/18	28,046	404,600	—	(90,012 )	314,588
N913DL Equipment Trust Beneficial Interests	18,477	125,970	85,559	(94,032 )	117,497
N918DL Equipment Trust Beneficial Interests	14,907	142,970	82,257	(89,336 )	135,890
N954DL Equipment Trust Beneficial Interests	14,119	68,000	112,356	(107,752 )	72,604
N955DL Equipment Trust Beneficial Interests	13,186	113,560	103,886	(106,436 )	111,010
N956DL Equipment Trust Beneficial Interests	13,244	108,800	105,904	(107,904 )	106,800
N957DL Equipment Trust	12,996	109,650	105,488	(107,456 )	107,682

Explanation of Responses:

## Beneficial Interests

N959DL Equipment Trust Beneficial Interests	12,756	110,500	105,095	(107,016 )	108,579
N960DL Equipment Trust Beneficial Interests	11,868	109,650	104,892	(106,676 )	107,865
N961DL Equipment Trust Beneficial Interests	12,161	103,870	107,504	(108,548 )	102,826
N976DL Equipment Trust Beneficial Interests	13,666	103,033	101,533	(102,560 )	102,006
RM Holdco, LLC, Equity Participation	—	—	—	—	—

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<b>Security</b>	<b>Dividends or Interest<sup>(2)</sup></b>	<b>Fair Value at December 31, 2013</b>	<b>Acquisitions<sup>(3)</sup></b>	<b>Dispositions<sup>(4)</sup></b>	<b>Fair Value at December 31, 2014</b>
RM Holdco, LLC, Membership Units	—	—	—	—	—
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18	58,663	2,197,621	3,026,338	(5,223,959 )	—
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 7%, due 3/21/16	400,651	3,626,947	465,190	(192,112 )	3,900,025
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B, 8.5%, due 3/30/18	1,349,228	6,825,328	1,327,860	(1,695,863 )	6,457,325
RM OpCo, LLC, Senior Secured 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	444,445	2,150,088	437,146	(19,517 )	2,567,717
RM OpCo, LLC, Convertible 2nd Lien Term Loan Tranche B-1, 8.5%, due 3/30/18	279,505	1,370,199	274,827	(8,712 )	1,636,314
RM OpCo, LLC, Senior Convertible 2nd Lien Term Loan B, 8.5%, due 3/30/18	6,107	—	631,164	—	631,164
United N659UA-767, LLC (N659UA)	443,575	2,840,323	1,126,014	(788,515 )	3,177,822
United N661UA-767, LLC (N661UA)	436,533	2,852,677	1,092,004	(865,758 )	3,078,923
Wasserstein Cosmos Co-Invest, L.P., Limited Partnership Units	—	5,000,000	—	(825,000 )	4,175,000

*Notes to Consolidated Schedule of Changes in Investments in Affiliates:*

- (1) The issuers of the securities listed on this schedule are considered affiliates under the Investment Company Act of 1940 due to the ownership by the Partnership of 5% or more of the issuers' voting securities.
- (2) Also includes fee and lease income as applicable.
- (3) Acquisitions include new purchases, PIK income and net unrealized appreciation.
- (4) Dispositions include decreases in the cost basis from sales, paydowns, mortgage amortizations, aircraft depreciation and net unrealized depreciation.

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Schedule of Restricted Securities of Unaffiliated Issuers****December 31, 2015**

<b>Investment</b>	<b>Acquisition Date</b>
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 (144A)	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc. (One Sky), Warrants to Purchase Common Stock	12/4/13
Fuse Media, LLC, Warrants to Purchase Common Stock	8/3/12
Fuse, LLC, Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
GACP I, LP, Membership Units	10/1/15
Green Biologics, Inc., Warrants to Purchase Stock	12/22/14
InMobi, Inc., Warrants to Purchase Stock	9/18/15
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC, Common Interest Units	9/10/12
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Series C Preferred Stock	6/12/15
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd., Warrants	8/6/14
Shop Holding, LLC (Connexity), Class A Units	6/2/11
Shop Holding, LLC (Connexity), Warrants to Purchase Class A Units	6/2/11
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
SoundCloud, Ltd., Warrants to Purchase Preferred Stock	4/30/15
STG-Fairway Holdings, LLC (First Advantage), Class A Units	12/30/10
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
Utilidata, Inc., Warrants to Purchase Stock	12/22/15
V Telecom Investment S.C.A. (Vivacom), Common Shares	11/9/12
Waterfall International, Inc., Series B Preferred Stock	9/16/2015
Waterfall International, Inc., Warrants to Purchase Stock	9/16/2015

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TABLE OF CONTENTS**Special Value Continuation Partners, LP  
(A Delaware Limited Partnership)****Consolidated Schedule of Restricted Securities of Unaffiliated Issuers****December 31, 2014**

<b>Investment</b>	<b>Acquisition Date</b>
Avanti Communications Group, PLC, Senior Secured Notes, 10%, due 10/1/19	9/26/13
BlackLine Intermediate, Inc., Warrants to Purchase Common Stock	9/25/13
BPA Laboratories, Inc., Senior Secured Notes, 12.25%, due 4/1/17 (144A)	3/5/12
Caribbean Financial Group, Senior Secured Notes, 11.5%, due 11/15/19	10/19/12
Carolina Beverage Group, LLC, Secured Notes, 10.625%, due 8/1/18	7/26/13
Constellation Enterprises, LLC, Senior Secured 1st Lien Notes, 10.625%, due 2/1/16	1/20/11
Findly Talent, LLC, Membership Units	1/1/14
Flight Options Holdings I, Inc., Warrants to Purchase Common Stock	12/4/13
Green Biologics, Inc., Warrants to purchase Stock	12/22/14
Hunt Companies, Inc., Senior Secured Notes, 9.625%, due 3/1/21	2/25/14
Ichor Systems Holdings, LLC, Membership Units	Var. 2009 & 2010
Integra Telecom, Inc., Common Stock	11/19/09
Integra Telecom, Inc., Warrants	11/19/09
Iracore International, Inc., Senior Secured Notes, 9.5%, due 6/1/18	5/8/13
Magnolia Finance V plc, Asset-Backed Credit Linked Notes, 13.125%, due 8/2/21	8/1/13
Marsico Holdings, LLC Common Interest Units	9/10/12
NEXTracker, Inc., Series B Preferred Stock	12/17/14
NEXTracker, Inc., Warrants to purchase Stock	12/17/14
Precision Holdings, LLC, Class C Membership Interests	Var. 2010 & 2011
Rightside Group, Ltd, Warrants	8/6/14
Shop Holding, LLC, Class A Units	6/2/11
Shop Holding, LLC, Convertible Promissory Note, 5%, due 8/5/15	2/5/14
Shop Holding, LLC, Warrants to Purchase Class A Units	6/2/11
SiTV, Inc., Senior Secured Notes, 10.375%, due 7/1/19	6/18/14
SiTV, Inc., Warrants to Purchase Common Stock	8/3/12
Soraa, Inc., Warrants to Purchase Common Stock	8/29/14
STG-Fairway Holdings, LLC, Class A Units	12/30/10
The Telx Group, Inc., Senior Notes, 13.5% PIK, due 7/9/21	4/9/14
Trade Finance Funding I, Ltd., Secured Class B Notes, 10.75%, due 11/13/18	11/13/13
V Telecom Investment S.C.A, Common Shares	11/9/12

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**2,336,552 Shares**

**Common Stock**

**PROSPECTUS SUPPLEMENT**

**July 7, 2016**

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**STATEMENT OF ADDITIONAL INFORMATION**

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 limited partner interests in Special Value Continuation Partners, LP (the **Operating Company**), which represents approximately 100% of the common equity and 100% of the combined common equity and general partner interests in the Operating Company as of March 31, 2016. 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 as well as small businesses. The primary investment focus will be the investment in and origination of leveraged loans to performing middle-market companies as well as small businesses. For the purposes of this Statement of Additional Information (the **SAI**), 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.

Tennenbaum Capital Partners, LLC (the **Advisor**) serves as our and the Operating Company's investment advisor. Our Advisor is a leading investment manager and specialty lender to middle-market companies that had approximately \$6.3 billion in committed capital under management as of March 31, 2016, approximately 25.3% of which consists of our committed capital. SVOF/MM, LLC, an affiliate of our Advisor, is the Operating Company's general partner and provides the administrative services necessary for us to operate.

This SAI does not constitute a prospectus, but should be read in conjunction with the Company's prospectus supplement relating thereto dated July 7, 2016, and as it may be supplemented. This SAI does not include all information that a prospective investor should consider before investing in the Company's shares of common stock, shares of our preferred stock, debt securities, subscription rights to purchase shares of our securities or warrants representing rights to purchase our securities, and investors should obtain and read the Company's prospectus prior to purchasing such securities. A copy of the Company's Registration Statement, including the prospectus and any supplement, may be obtained from the Securities and Exchange Commission (the **SEC**) upon payment of the fee prescribed, or inspected at the SEC's office or via its website ([www.sec.gov](http://www.sec.gov)) at no charge.

This Statement of Additional Information is dated July 7, 2016.

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### **THE COMPANY**

Throughout this SAI, 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 described elsewhere in this SAI 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;

**TCPC Funding** refers to TCPC Funding I LLC, a Delaware limited liability company;

**TCPC SBIC** refers to TCPC SBIC, 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 our Advisor and administrator of the Holding Company and the Operating Company.

For simplicity, this SAI uses the term **Company**, **we**, **us** and **our** to include the Holding Company and, where appropriate in the context, the Operating Company, TCPC Funding and TCPC SBIC 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 SAI generally refers to the Holding Company's investments through the Operating Company as investments by the **Company**, and (ii) although the Operating Company, TCPC Funding and TCPC SBIC and not the Holding Company has entered into the Leverage Program (defined below), this SAI 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 in our prospectus dated May 6, 2016 under Prospectus Summary — 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 SAI, we refer to such transactions as the **Conversion**. Unless otherwise indicated, the disclosure in this SAI gives effect to the Conversion.

Together, our Advisor's Partners have invested approximately \$16.3 billion in 447 companies since our 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.

### **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, or the 1940 Act. 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 intend to primarily focus on privately negotiated investments in debt of middle-market companies, we may make investments of all kinds and at all levels of the capital structure, including in equity interests such as preferred or common stock and warrants or options received in connection with our debt investments. Our investment activities will benefit from what we believe are the competitive advantages of our Advisor, including its diverse 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 prior to the Conversion have been achieved through our predecessor, Special Value Continuation Fund, LLC, which was a

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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, which may adversely affect our investment returns.

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. We expect that our investment activities will continue to be externally managed by our Advisor, a leading investment manager with approximately \$6.4 billion in committed capital from investors ( committed capital ) under management, approximately 25.8% of which consists of the Company s committed capital under management as of December 31, 2015, and a primary focus on providing financing to middle-market companies as well as small businesses. 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.

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TABLE OF CONTENTS**MANAGEMENT OF THE COMPANY****Board of Directors**

Our business and affairs are managed under the direction of our board of directors. Our board of directors currently consists of five members, three of whom are not interested persons of our company or of our Advisor as defined in Section 2(a)(19) of the 1940 Act and are independent, as determined by our board of directors, consistent with the rules of The Nasdaq Global Select Market. We refer to these individuals as our independent directors. Our board of directors appoints our executive officers, who serve at the discretion of the board of directors. Information regarding our board of directors is as follows:

<b>Name, Address and Age</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Advisor-Advised RICs Consisting of Portfolios Overseen*</b>	<b>Other Public Company or Investment Company Directorships Held by Director**</b>
<b>Non-Interested Directors</b>					
Eric J. Draut 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 59	Director, Audit Committee Chair, Governance and Compensation Committee Member and Joint Transactions Committee Member	2017; 2011 to present	From 2011 to present, Director, Audit Committee Chairman, Governance and Compensation Committee Member and Joint Transactions Committee Member. In February 2015, Mr. Draut was appointed to the Board of Thrivent Financial (a Fortune 500 Company) and serves on the Finance and Audit Committees of the Board. In February 2015, Mr. Draut was also appointed to the Board of Holy Family Ministries, operator of Holy Family School. From 2001 to 2010 Mr. Draut was Executive Vice President, Chief Financial Officer and a Director of Unitrin Inc. (renamed Kemper Corporation in 2011). From 2006 to 2008, he was Treasurer and Director of Lutheran Social Services of Illinois. From 2008 to 2010 and again from 2014 to present, Mr. Draut was and is Chairman of the Board of Lutheran Social Services of Illinois. From 2012 to 2014, Mr. Draut was Executive Chairman of	2 RICs consisting of 1 Portfolio	None.

the Board of Lutheran Social Services of Illinois. From 2007 to 2008, Mr. Draut was Co-Chair of the Finance Committee of the Executive Club of Chicago. From 2004 to 2012, Mr. Draut was a member of the Steering Committee for the Office of Risk Management and Insurance Research at the University of Illinois at Urbana-Champaign. Also, from 2008 to September 2013, Mr. Draut was a Director of Intermec, Inc., where he served as Chairman of the Audit Committee.

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<b>Name, Address and Age</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Advisor-Advised RICs Consisting of Portfolios Overseen*</b>	<b>Other Public Company or Investment Company Directorships Held by Director**</b>
Franklin R. Johnson 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 79	Director, Governance and Compensation Committee Chair, Audit Committee Member and Joint Transactions Committee Member	2017; 2006 to present	Since inception, Director, and from 2011 Chairman of the Governance and Compensation Committee, Audit Committee Member and Joint Transactions Committee Member. Until 2014, Mr. Johnson served on the board of directors and nominating and governance committee of Reliance Steel & Aluminum Co., where he also served as chair of the audit committee. Until July of 2006, he served as a director and chair of the audit committee of Special Value Opportunities Fund, LLC, an investment fund advised by our Advisor that operated as a registered investment company until 2015. Before becoming a business consultant in 2000, he was Chief Financial Officer of Rysher Entertainment, a producer and distributor of theatrical films and television programming and syndicator of television programming, where he worked for three years. Prior to that, he was at Price Waterhouse, an international public accounting and consulting firm where he was the Managing Partner of their Century City office and Managing Partner of their Entertainment and Media Practice.	2 RICs consisting of 1 Portfolio	None.
Peter E. Schwab 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica,	Director, Governance and Compensation Committee Member, Audit Committee	2017; 2012 to present	From 2012 to present, Director, Governance and Compensation Committee Member, Audit Committee Member and Joint Transactions Committee Member. Mr. Schwab currently serves on	2 RICs consisting of 1 Portfolio	Rexford Industrial Realty, Inc.

California  
90405

Age: 72

Member and  
Joint  
Transactions  
Committee  
Member

the board of advisors for the Entrepreneurial Studies Center at the University of California, Los Angeles School of Business, is a board member for the Cardiovascular Research Foundation of Southern California, a board member of Gibraltar Business Capital, a board member of West Coast Sports Associates and a board member of Brentwood Country Club. Mr. Schwab has 39 years of experience in the asset-based lending industry, most recently as chairman and chief executive officer of Wells Fargo Capital Finance, a unit of Wells Fargo & Company. Prior to joining Wells Fargo Capital Finance (and its predecessor firm Foothill Capital Corporation), he was vice president of business development with Aetna Business Credit (now known as Barclays American Business Credit). He started his career as business development officer at the National Acceptance Company of California.

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<b>Name, Address and Age</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Advisor-Advised RICs Consisting of Portfolios Overseen*</b>	<b>Other Public Company or Investment Company Directorships Held by Director**</b>
Brian F. Wruble 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 73	Director, Governance and Compensation Committee Member, Audit Committee Member and Joint Transactions Committee Member	2017; 2015 to present	From 2015 to present, Director, Governance and Compensation Committee Member, Audit Committee Member and Joint Transactions Committee Member. Mr. Wruble currently serves on the board of the Institute for Advanced Study, for which he is treasurer, the Jackson Laboratory, for which he is chairman emeritus, and the Oppenheimer Funds New York Board, for which he is chairman. Until 2015, he was a director of the Special Value Opportunities Fund, LLC, an investment fund advised by our Advisor that operated as a registered investment company until 2015, and is a member of Zurich Insurance's Investment Management Advisory Council. He is a past governor of the Association for Investment Management and Research and a past chairman of the Institute of Chartered Financial Analysts. He was a general partner of Odyssey Partners, L.P., and he was a founder of Odyssey Investment Partners, LLC, both private investment firms in New York. Prior to joining Odyssey, Mr. Wruble was president and chief executive officer of the Delaware Group of Mutual Funds. He is a Chartered Financial Analyst and an associate editor of CFA Digest.	2 RICs consisting of 1 Portfolio	None.

**Interested Directors†**

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Howard M. Levkowitz 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 49	Director and Chief Executive Officer	2017; 2006 to present	Since inception, Mr. Levkowitz has been Chairman of the Board and President of the Company. In February 2012, Mr. Levkowitz became Chief Executive Officer and was succeeded as President by Rajneesh Vig. Mr. Levkowitz serves as executive officer of 16 other consolidated funds managed by our Advisor and is Chairman of our Advisor's Management Committee. From 1999 to 2004 he was a Portfolio Manager at our Advisor. From 2005 to present, he has been a Managing Partner at our Advisor.	4 RICs consisting of 2 Portfolios	None.
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<b>Name, Address and Age</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Advisor-Advised RICs Consisting of Portfolios Overseen*</b>	<b>Other Public Company or Investment Company Directorships Held by Director**</b>
Rajneesh Vig 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 45	Director; President and Chief Operating Officer	2017; 2012 to present (President); 2013 to present (Director and Chief Operating Officer)	In 2012, Mr. Vig became President of the Company. In 2013, Mr. Vig became a Director and the Chief Operating Officer of the Company. Mr. Vig is also as an executive officer of 10 other consolidated funds managed by our Advisor. Since 2011, Mr. Vig has been a Managing Partner of our Advisor. From 2009 to 2010, he was a Partner of our Advisor. From 2006 to 2008, he was a Managing Director of our Advisor. Since 2007, Mr. Vig has been a Director of Dialogic Inc., and its predecessor entity, Dialogic Corporation.	4 RICs consisting of 2 Portfolios	None.

**Executive Officers Who Are Not Directors**

Paul L. Davis 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 42	Chief Financial Officer	N/A; 2008 to present	Mr. Davis has been the Chief Financial Officer of the Company since 2008. From 2004 to August 2008, Mr. Davis was Chief Compliance Officer and Vice President of Finance at our Advisor; from August 2010 to present, he has been Chief Financial Officer of our Advisor and Mr. Davis is Chief Financial Officer of 16 other consolidated funds managed by our Advisor.	N/A	N/A
Elizabeth Greenwood 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California	Secretary and Chief Compliance Officer	N/A; 2007 to present as Secretary; 2008 to present as Chief Compliance	Ms. Greenwood became Secretary of the Company in 2007 and Chief Compliance Officer in 2008. From 2005 to 2006, she was General Counsel and Chief Compliance Officer at Strome Investment Management, LLC;	N/A	N/A



90405

Age: 52

Officer from 2007 to 2008, she was Associate General Counsel at our Advisor; from 2008 to present, she has been General Counsel of our Advisor; from August 2008 to present, she has been Chief Compliance Officer of our Advisor and Ms. Greenwood is Secretary and Chief Compliance Officer of 16 other consolidated funds managed by our Advisor.

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<b>Name, Address and Age</b>	<b>Position(s) Held with Fund</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past Five Years</b>	<b>Number of Advisor-Advised RICs Consisting of Portfolios Overseen*</b>	<b>Other Public Company or Investment Company Directorships Held by Director**</b>
Todd Jaquez-Fissori 2951 28 <sup>th</sup> Street, Suite 1000, Santa Monica, California 90405  Age: 45	Managing Director	N/A; 2014 to present	Mr. Jaquez-Fissori became Managing Director of the Company and our Advisor in April 2014. Prior to April 2014, Mr. Jaquez-Fissori served as a senior managing director and group head of the energy technology group of Hercules Technology Growth Capital. Mr. Jaquez-Fissori served as a director at TriplePoint Capital from February 2008 to December 2008 and was the general partner in charge of clean technology investing at Siemens Venture Capital from March 2004 to February 2008. Prior to working at Siemens Venture Capital, Mr. Jaquez-Fissori served as a principal at Boulder Ventures from March 2000 to March 2004.	N/A	N/A

\* For purposes of this chart, RICs refers to registered investment companies and business development companies, and Portfolios refers to the investment programs of the Company. Some of the RICs have the same investment program because they invest through a master-feeder structure, which results in the smaller number of Portfolios than RICs.

\*\* Directorships disclosed under this column do not include directorships disclosed under the column Principal Occupation(s) During Past Five Years.

† Messrs. Levkowitz and Vig are interested persons (as defined in the 1940 Act) of the Company by virtue of their current positions with our Advisor.

**Biographical information**

The board of directors has adopted procedures for evaluating potential director candidates against the knowledge, experience, skills, expertise and diversity that it believes are necessary and desirable for such candidates. The board believes that each director satisfied, at the time he or she was initially elected or appointed a director, and continues to satisfy, the standards contemplated by such procedures. In addition to such procedures, the Governance and Compensation Committee has recently recommended to the Board, and the Board has since adopted, requirements that (1) no Director serve concurrently as a director of more than six public companies, for which directorships on companies in a family of funds will count as a single directorship and (2) Directors be subject to a mandatory retirement age of 75, which mandatory retirement age may be waived by a majority vote of the Board and which does not apply to the current Directors. Furthermore, in determining that a particular director was and continues to be qualified to serve as a director, the board has considered a variety of criteria, none of which, in isolation, was

controlling. The board believes that, collectively, the directors have balanced and diverse experience, skills, attributes and qualifications, which allow the board to operate effectively in governing the Company and protecting the interests of stockholders. Among the attributes common to all directors are their ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with our Advisor and other service providers, counsel and independent auditors, and to exercise effective business judgment in the performance of their duties as directors. Each director's ability to perform his or her duties effectively is evidenced by his or her educational background or professional training; business, consulting, public service or academic positions; experience from service as a board member of the Company, other investment companies, public companies, or non-profit entities or other organizations; ongoing commitment and participation in board and committee meetings, as well as his or her leadership of standing committees; or other relevant life experiences. Information about the specific experience, skills, attributes and qualifications of each director, which in each case led to the board's conclusion that the director should serve as a director of the Company, is provided in below, in Biographical information. Our directors have been divided into two groups — interested directors and independent directors.

Interested directors are interested persons as defined in the 1940 Act. Howard M. Levkowitz and Rajneesh Vig are interested directors by virtue of their employment with our Advisor. In part because the Company is an

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externally-managed investment company, the board believes having an interested chairperson that is familiar with the Company's portfolio companies, its day-to-day management and the operations of our Advisor, greatly enhances, among other things, its understanding of the Company's investment portfolio, business, finances and risk management efforts. In addition, the board believes that each of Mr. Levkowitz's and Mr. Vig's employment with our Advisor allows for the efficient mobilization of our Advisor's resources at the board's behest and on its behalf. The board of directors does not have a lead independent director. The board of directors believes its relatively small size and the composition and leadership of its committees allow each director to enjoy full, accurate and efficient communication with the Company, our Advisor and management, and facilitates the timely transmission of information among such parties.

**Director Independence**

On an annual basis, each member of our board of directors is required to complete an independence questionnaire designed to provide information to assist the board of directors in determining whether the director is independent. Our board of directors has determined that each of our directors, other than Messrs. Levkowitz and Vig, is independent under the 1940 Act.

**Interested Directors**

*Howard M. Levkowitz:* Mr. Levkowitz is Chairman of the Board and Chief Executive Officer of the Company. Mr. Levkowitz serves as President of several funds advised by our Advisor and is Chairman of our Advisor's Management Committee. The Board benefits from Mr. Levkowitz's experience at our Advisor and his intimate knowledge of the decision process used by our Advisor's Investment Committee. In addition to overseeing the Company, Mr. Levkowitz has served as a director of both public and private companies and has served on a number of formal and informal creditor committees. The Board also benefits from Mr. Levkowitz's past experience as an attorney specializing in real estate and insolvencies with Dewey Ballantine. Mr. Levkowitz received a B.A. in History (Magna Cum Laude) from the University of Pennsylvania, a B.S. in Economics (Magna Cum Laude, concentration in finance) from The Wharton School, and a J.D. from the University of Southern California. Mr. Levkowitz's current service as Chief Executive Officer and longstanding service as Chairman of the Board and president of the Company, executive officer of 16 other consolidated funds advised by our Advisor and Co-Founder of our Advisor and Chairman of its Management Committee provide him with a specific understanding of the Company, its operation, and the business and regulatory issues facing the Company.

*Rajneesh Vig:* Mr. Vig is the Chief Operating Officer and President of the Company. Since 2011, Mr. Vig has been a Managing Partner of our Advisor. The Board benefits from Mr. Vig's experience in accounting, finance and consulting as well as his position with our Advisor. From 2009 to 2010, he was a Partner of our Advisor. From 2006 to 2008, he was a Managing Director of our Advisor. Prior to joining our Advisor, Mr. Vig worked for Deutsche Bank in New York as a member of the bank's Principal Finance Group. Prior to that, Mr. Vig was a Director in the Technology Investment Banking group in San Francisco where he advised a broad range of growth and large cap technology companies on merger, acquisition and public/private financing transactions. Prior to his time at Deutsche Bank, Mr. Vig was a Manager in Price Waterhouse's Shareholder Value Consulting group, and he began his career in Arthur Andersen's Financial Markets/Capital Markets group. He currently serves on the board of Dialogic and is a board observer for GSI Group. Mr. Vig is also on the Los Angeles Advisory Board of the Posse Foundation, a non-profit organization that identifies, recruits and trains student leaders from public high schools for enrollment at top-tier universities. He received a B.A. with highest honors in Economics and Political Science from Connecticut College and an M.B.A. in Finance from New York University. Mr. Vig's current service as President of the Company and executive officer of 10 other consolidated funds managed by our Advisor provides him with a specific understanding of the Company, its operation, and the business and regulatory issues facing the Company.

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*Eric J. Draut:* Mr. Draut is a Director, Chairman of the Company's Audit Committee, member of the Governance and Compensation Committee and member of the Joint Transactions Committee. The Board benefits from Mr. Draut's nearly thirty year career in accounting. Mr. Draut completed a twenty year career at Kemper Corporation (formerly Unitrin, Inc.) in 2010, serving the last nine years as Executive Vice President, Chief Financial Officer and a member of its board of directors. Mr. Draut also held positions at Kemper Corporation as Group Executive, Treasurer and Corporate Controller. Prior to joining Kemper Corporation, Mr. Draut was Assistant Corporate Controller at Duchossois Industries, Inc. and at AM International, Inc. Mr. Draut began his career at Coopers and Lybrand. Mr. Draut is a Certified Public Accountant, received an M.B.A. in finance and operations from J.L. Kellogg Graduate School of Management at Northwestern University and a B.S. in accountancy from the University of Illinois at Urbana-Champaign, graduating with High Honors. Until September 2013 Mr. Draut served as a Director and Chairman of the audit committee of Intermec. In February 2015, Mr. Draut was appointed to the Board of Thrivent Financial (a Fortune 500 Company) and serves on the Finance and Audit Committees of the Board. In February 2015 Mr. Draut was also appointed to the Board of Holy Family Ministries, operator of Holy Family School. Mr. Draut volunteers with Lutheran Social Services of Illinois where he currently serves as Chairman of the Board of Directors and recently served as Executive Chairman of its Board of Directors. Mr. Draut is also a National Association of Corporate Directors Fellow. Mr. Draut's knowledge of financial and accounting matters, and his independence from the Company and our Advisor, qualifies him to serve as the Chairman of the Company's Audit Committee.

*Franklin R. Johnson:* Mr. Johnson is a Director and Chairman of the Company's Governance and Compensation Committee, member of the Audit Committee and a member of the Joint Transactions Committee. Mr. Johnson has a wealth of leadership, business and financial experience. Until 2014, he served on the board of directors and nominating and governance committee of Reliance Steel & Aluminum Co., where he also served as chair of the audit committee. Until July of 2006, he served as a director and chair of the audit committee of Special Value Opportunities Fund, LLC, an investment fund advised by our Advisor that operated as a registered investment company until 2015. Before becoming a business consultant in 2000, he was Chief Financial Officer of Rysher Entertainment, a producer and distributor of theatrical films and television programming and syndicator of television programming, where he worked for three years. Prior to that, he was at Price Waterhouse, an international public accounting and consulting firm where he was the Managing Partner of their Century City office and Managing Partner of their Entertainment and Media Practice. Mr. Johnson's knowledge of financial and accounting matters qualifies him to serve as a member of the Company's Audit Committee.

*Peter E. Schwab:* Mr. Schwab is a Director, Governance and Compensation Committee Member, Audit Committee Member and Joint Transactions Committee Member. Mr. Schwab currently serves on the board of advisors for the Entrepreneurial Studies Center at the University of California, Los Angeles School of Business, is a board member for the Cardiovascular Research Foundation of Southern California, a board member of Gibraltar Business Capital, a board member of West Coast Sports Associates and a board member of Brentwood Country Club. Mr. Schwab is also a member of the board of directors of Rexford Industrial Realty, Inc., an NYSE publicly traded real estate investment trust (Rexford), and serves on the audit committee, compensation committee, and nominating and corporate governance committee for Rexford. Mr. Schwab received a B.S. in education from California State University, Northridge and his master's degree in education administration from California State University, Northridge. He has 39 years of experience in the asset-based lending industry, most recently as chairman and chief executive officer of Wells Fargo Capital Finance, a unit of Wells Fargo & Company. Prior to joining Wells Fargo Capital Finance (and its predecessor firm Foothill Capital Corporation), he was vice president of business development with Aetna Business Credit (now known as Barclays American Business Credit). He started his career as business development officer at the National Acceptance Company of California. Mr. Schwab's knowledge of financial and accounting matters qualifies him to serve as a member of the Company's Audit Committee.

*Brian F. Wruble:* Mr. Wruble is a Director, Governance and Compensation Committee Member, Audit Committee Member and Joint Transactions Committee Member. Mr. Wruble currently serves on the board of the Institute for Advanced Study, for which he is treasurer, the Jackson Laboratory, for which he is chairman emeritus, and the Oppenheimer Funds New York Board, for which he is chairman. Until 2015, he was a director of the Special Value Opportunities Fund, LLC, an investment fund advised by our Advisor that operated as a registered investment company until 2015, and is a member of Zurich Insurance's Investment Management Advisory Council. He is a past governor of the Association for Investment Management and Research and a past

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chairman of the Institute of Chartered Financial Analysts. He was a general partner of Odyssey Partners, L.P., and he was a founder of Odyssey Investment Partners, LLC, both private investment firms in New York. Prior to joining Odyssey, Mr. Wruble was president and chief executive officer of the Delaware Group of Mutual Funds. Mr. Wruble joined Delaware in 1992 following 13 years with The Equitable Life Assurance Society of the U.S. At Equitable, he was executive vice president and chief investment officer. He also served as chairman, president and CEO of Equitable Capital Management Corporation, a wholly owned investment management subsidiary of Equitable. Mr. Wruble founded Equitable Capital in 1985. With clients that included pension funds, endowments, foundations, insurance companies and individual investors, Equitable Capital grew to become a manager of nearly \$40 billion in stocks, bonds and privately placed securities. Prior to joining Equitable in 1979, Mr. Wruble spent nearly 10 years on Wall Street, most recently with Smith Barney, Harris Upham and Company where he was vice president and co-manager of fundamental equities research and a member of the Institutional Investor All America Research Team. From 1966-1970, Mr. Wruble was an engineer with the Sperry Gyroscope Company. In that capacity, he served at sea on-board the U.S. Navy experimental nuclear-powered deep submersible, Submarine NR-1. Mr. Wruble was a McMullen Scholar at Cornell University where he earned bachelors and masters degrees in electrical engineering. He received an MBA with distinction from New York University. He is a Chartered Financial Analyst and an associate editor of CFA Digest. Mr. Wruble's knowledge of financial and accounting matters qualifies him to serve as a member of the Company's Audit Committee.

**Executive officers who are not directors**

*Paul L. Davis:* Mr. Davis is the Chief Financial Officer of the Company. Mr. Davis also serves as Chief Financial Officer of our Advisor and 16 other consolidated funds managed by our Advisor. Prior to being appointed CFO, he served for four years as Chief Compliance Officer of the Company and as Chief Compliance Officer and Vice President, Finance of our Advisor. He was formerly employed as Controller of a publicly traded securities brokerage firm, following employment at Arthur Andersen, LLP as an auditor. He received a B.A. (Magna Cum Laude) in Business-Economics from the University of California at Los Angeles, and is a Certified Public Accountant in the State of California.

*Elizabeth Greenwood:* Ms. Greenwood is the Secretary and Chief Compliance Officer of the Company. Ms. Greenwood also serves as General Counsel and Chief Compliance Officer of our Advisor and Secretary and Chief Compliance Officer of 16 other consolidated funds managed by our Advisor. She formerly served as General Counsel and Chief Compliance Officer at Strome Investment Management, L.P. (Strome). Prior to Strome, Ms. Greenwood worked at portfolio companies funded by Pacific Capital Group and Ridgestone Corporation, including acting as Assistant General Counsel of Global Crossing Ltd., and began her legal career as an associate at Stroock & Stroock & Lavan LLP. Ms. Greenwood is a founding member of the West Coast Chapter of 100 Women in Hedge Funds and currently serves on the California State Council of the Humane Society of the United States. Ms. Greenwood received a J.D. from Stanford Law School and a Bachelor of Business Administration with highest honors from The University of Texas at Austin.

*Todd Jaquez-Fissori:* Mr. Jaquez-Fissori is the Managing Director of the Company. Mr. Jaquez-Fissori also serves as Managing Director of our Advisor. He is also the Head of the Energy Technology Group. Prior to joining the Company in 2014, Mr. Jaquez-Fissori served as a senior managing director and group head of the energy technology group of Hercules Technology Growth Capital from 2009 to April 2014. Before joining Hercules Technology Growth Capital in 2009, Mr. Jaquez-Fissori served as a director at TriplePoint Capital from February 2008 to December 2008 and was the general partner in charge of clean technology investing at Siemens Venture Capital from March 2004 to February 2008. Prior to working at Siemens Venture Capital, Mr. Jaquez-Fissori served as a principal at Boulder Ventures from March 2000 to March 2004 and as an analyst at Mayfield from May 1996 to September 1998. Mr. Jaquez-Fissori received a B.A. from Penn State University and an M.B.A. from the University of Pennsylvania Wharton School of Business.



**Committees of the Board of Directors**

Our Board of Directors currently has three committees: an Audit Committee, a Governance and Compensation Committee and a Joint Transaction Committee.

**Audit Committee.** The Audit Committee operates pursuant to a charter approved by our Board of Directors and met 10 times during the fiscal year ended December 31, 2015. The Audit Committee currently holds regular meetings on a quarterly basis and special meetings as needed. The charter sets forth the responsibilities of the

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Audit Committee and can be accessed at <http://investors.tpcapital.com/governance.cfm>. The primary function of the Audit Committee is to serve as an independent and objective party to assist the Board of Directors in fulfilling its responsibilities for overseeing all material aspects of our accounting and financial reporting processes, monitoring the independence and performance of our independent registered public accounting firm, providing a means for open communication among our independent accountants, financial and senior management and the Board, and overseeing our compliance with legal and regulatory requirements. The Audit Committee is presently composed of Messrs. Draut (Chairperson), Johnson, Schwab and Wruble, each of whom is considered independent for purposes of the 1940 Act and The Nasdaq Global Select Market listing standards. Our Board of Directors has determined that each of Messrs. Draut, Johnson and Schwab is an audit committee financial expert as defined under Item 407(d)(5) of Regulation S-K of the Securities Exchange Act of 1934. In addition, each member of our Audit Committee meets the current independence and experience requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and, in addition, is not an interested person of the Company or of our Advisor as defined in Section 2(a)(19) of the 1940 Act.

**Joint Transaction Committee.** The Joint Transaction Committee is comprised of Messrs. Draut, Johnson, Schwab and Wruble, met 22 times during the fiscal year ended December 31, 2015 and operates to approve the allocation of certain private placement transactions in which we participate with one or more of our Advisor's other accounts in accordance with our exemptive orders obtained from the Commission.

**Governance and Compensation Committee.** The Governance and Compensation Committee operates pursuant to a charter approved by our Board of Directors. The charter sets forth the responsibilities of the Governance and Compensation Committee, including, but not limited to, making nominations for the appointment or election of independent directors, personnel training policies, administering the provisions of the code of ethics applicable to the Independent Directors and determining, or recommending to the Board for determination, the compensation of any executive officers of the Company. Currently, the Company's executive officers do not receive any direct compensation from the Company. The Governance and Compensation Committee consists of Messrs. Draut, Johnson (Chairperson), Schwab and Wruble, each of whom is considered independent for purposes of the 1940 Act and The Nasdaq Global Select Market listing standards. The Governance and Compensation Committee met two times during the fiscal year ended December 31, 2015.

With respect to nominations to the Board, the Governance and Compensation Committee seeks to identify individuals to serve on the Board who have a diverse range of viewpoints, qualifications, experiences, backgrounds and skill sets so that the Board will be better suited to fulfill its responsibility of overseeing the Company's activities. In so doing, the Governance and Compensation Committee reviews the size of the Board and the knowledge, experience, skills, expertise and diversity of the Directors in light of the issues facing the Company in determining whether one or more new Directors should be added to the Board.

The Governance and Compensation Committee may consider recommendations for nomination of Directors from our stockholders. Nominations made by stockholders must be delivered to or mailed (setting forth the information required by our bylaws) and received at our principal executive offices not earlier than 150 days nor fewer than 120 days in advance of the first anniversary of the date on which we first mailed our proxy materials for the previous year annual meeting of stockholders; *provided, however*, that if the date of the annual meeting has changed by more than 30 days from the prior year, the nominations must be received not earlier than the 150<sup>th</sup> day prior to the date of such annual meeting nor later than the later of (1) the 120<sup>th</sup> day prior to the date of such annual meeting or (2) the 10<sup>th</sup> day following the day on which public announcement of such meeting date is made.

Day-to-day risk management with respect to the Company is the responsibility of our Advisor or other service providers (depending on the nature of the risk) subject to the supervision of our Advisor. The Company is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. While there are a number of risk management functions performed by our Advisor and the other service providers, as applicable, it is

not possible to eliminate all of the risks applicable to the Company. Risk oversight is part of the board's general oversight of the Company and is addressed as part of various board and committee activities. The board, directly or through a committee, also reviews reports from, among others, management, the independent registered public accounting firm for the Company and internal accounting personnel for our Advisor, as appropriate, regarding risks faced by the Company and management's or the service provider's risk functions. The committee system facilitates the timely and efficient consideration of matters by the directors, and facilitates effective oversight of compliance with legal and regulatory requirements and of the Company's

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activities and associated risks. Our Chief Compliance Officer oversees the implementation and testing of the Company's compliance program and reports to the board regarding compliance matters for the Company and its service providers. The independent directors have engaged independent legal counsel to assist them in performing their oversight responsibilities.

**Compensation of Directors**

The Company is authorized to pay each Independent Director the following amounts for serving as a Director: (i) \$50,000 a year; (ii) \$5,000 for each meeting of the Board of Directors or a committee thereof physically attended by such Director; (iii) \$5,000 for each regular meeting of the Board of Directors or a committee thereof attended via telephone by such Director; and (iv) \$1,000 for each special meeting of the Board of Directors or a committee thereof attended via telephone by such Director. The Chairman of the Governance and Compensation Committee receives \$5,000 per year and the Chairman of the Audit Committee receives \$7,500 per year. Each Director is also entitled to reimbursement for all out-of-pocket expenses of such person in attending each meeting of the Board of Directors and any committee thereof.

**Equity securities owned by directors**

The following table sets out the dollar range of our equity securities beneficially owned by each of our directors as of July 6, 2016. We are not part of a family of investment companies, as that term is defined in the 1940 Act.

<b>Name of Director</b>	<b>Dollar Range of Equity Securities in the Company<sup>(1)</sup></b>
<b>Interested Director Nominees</b>	
Howard M. Levkowitz	Over \$100,000
Rajneesh Vig	Over \$100,000
<b>Independent Directors Nominees</b>	
Eric J. Draut <sup>(2)</sup>	Over \$100,000
Franklin R. Johnson	Over \$100,000
Peter E. Schwab <sup>(2)</sup>	Over \$100,000
Brian F. Wruble <sup>(2)</sup>	Over \$100,000

(1) Dollar ranges are as follows: none, \$1 – \$10,000, \$10,001 – \$50,000, \$50,001 – \$100,000, or over \$100,000.

Mr. Draut has a capital commitment of \$750,000 in Tennenbaum Opportunities Fund VI, LLC ( TOF VI ), and a capital commitment of \$500,000 in Tennenbaum Special Situations Fund IX, LLC ( Fund IX ), two private investment funds advised by our Advisor. In addition, Mr. Schwab has a capital commitment of \$250,000 in Fund

(2) IX and Mr. Wruble has capital commitments of \$1,000,000 in TOF VI, \$500,000 in Fund IX and \$1,000,000 in Special Value Opportunities Fund, LLC, an investment fund advised by our Advisor that operated as a registered investment company until 2015. Such interests are each less than one percent of the class of securities of such fund.

**Staffing and Compensation**

We do not currently have any employees and do not expect to have any employees. Accordingly, none of our officers receive direct compensation from us. Services necessary for our business are provided by our Advisor and the Administrator, pursuant to the terms of the investment management agreements and the administration agreement.

Each of our executive officers described under Management is an employee of our Advisor and the Administrator. Our day-to-day investment operations are managed by our Advisor. The services necessary for the origination and administration of our investment portfolio are provided by investment professionals employed by our Advisor. Our Advisor's investment professionals focus on origination and transaction development and the ongoing monitoring of our investments. See Management of the Company — Investment Management Agreements in the accompanying prospectus to which this SAI relates. In addition, we reimburse the Administrator for our allocable portion of expenses incurred by it in performing its obligations under the administration agreement, including our allocable portion of the Administrator's cost for the administrative activities of persons who serve as our officers and their respective staffs. To the extent that the Administrator outsources any of its functions, we pay the fees associated with such functions on a direct basis

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without profit to the Administrator. Although the Administrator waived these reimbursements through December 31, 2012, it discontinued such waiver starting at January 1, 2013. See Management of the Company — Administration Agreement in the accompanying prospectus to which this SAI relates.

### **Conflicts of Interest**

We have entered into investment management agreements with our Advisor and an administration agreement with the Administrator. Our executive officers hold equity interests in our Advisor. In addition, our Advisor and its affiliates, employees and associates currently do and in the future may manage Other Advisor Accounts. Other Advisor Accounts invest in assets that are also eligible for purchase by us. Our investment policies, compensation arrangements and other circumstances may vary from those of Other Advisor Accounts. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among us and Other Advisor Accounts. In general, except as described below, our Advisor and its affiliates will allocate investment opportunities pro rata among us and Other Advisor Accounts (assuming the investment satisfies the objectives of each) based on the amount of committed capital each then has available and under management by our Advisor and its affiliates. Allocation of certain investment opportunities in originated private placements is subject to independent director approval pursuant to the terms of the co-investment exemptive order applicable to us and described below. 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. Our 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 given 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 us and the Other Advisor Accounts. All of the foregoing procedures could in certain circumstances affect adversely the price paid or received by us or the availability or size of a particular investment purchased or sold by us.

There may be situations in which Other Advisor Accounts and the Company might invest in different securities issued by the same portfolio company. It is possible that if the portfolio company's financial performance and condition deteriorates such that one or both investments are or could be impaired, our Advisor might face a conflict of interest given the difference in seniority of the respective investments. In such situations, our 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 the Other Advisor Accounts and the Company in the circumstances. Any steps by our 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.

Pursuant to the administration agreement, the Administrator furnishes us with the facilities and administrative services necessary to conduct our day-to-day operations, including equipment, clerical, bookkeeping and recordkeeping services at such facilities. In addition, the Administrator assists us in connection with the determination and publishing of our respective net asset values, the preparation and filing of tax returns and the printing and dissemination of reports to our stockholders. We reimburse the Administrator for its allocable portion of overhead and other expenses incurred by it in performing its obligations under the administration agreement. Although the Administrator waived these reimbursements through December 31, 2012, it discontinued such waiver starting at January 1, 2013. See Management of the Company — Administration Agreement in the accompanying prospectus to which this SAI relates. This contract may be terminated by us or the Administrator without penalty upon 60 days' written notice to the other.

We have entered into a license agreement with our Advisor under which our Advisor has granted to us a non-exclusive, personal, revocable worldwide non-transferable license to use our Advisor trade name and service mark, for specified purposes in connection with our respective businesses. This license agreement is royalty-free, which means we will not be charged a fee for our use of the trade name and service mark Tennenbaum. The license

agreement is terminable either in its entirety or with respect to us by our Advisor at any time in its sole discretion upon 60 days prior written notice. Other than with respect to the limited rights contained in the license agreement, we have no right to use, or other rights in respect of, our Advisor name and mark.

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Our Advisor and we believe that, in certain circumstances, it may be in our best interests to be able to co-invest with registered and unregistered funds managed now or in the future by our Advisor and its affiliates in order to be able to participate in a wider range of transactions. Currently, SEC regulations and interpretations would permit us to co-invest with registered and unregistered funds that are affiliated with our Advisor in publicly traded securities and also in private placements where (i) our Advisor negotiates only the price, interest rate and similar price-related terms of the securities and not matters such as covenants, collateral or management rights and (ii) each relevant account acquires and sells the securities at the same time in pro rata amounts (subject to exceptions approved by compliance personnel after considering the reasons for the requested exception). Such regulations and interpretations also permit us to co-invest in other private placements with registered investment funds affiliated with our Advisor in certain circumstances, some of which would require certain findings by our independent directors and the independent directors of each other eligible registered fund. However, current SEC regulations and interpretations would not permit co-investment by us with unregistered funds affiliated with our Advisor in private placements where our Advisor negotiates non-pricing terms such as covenants, collateral and management rights. Accordingly, under current SEC regulations, in the absence of an exemption we may be prohibited from co-investing in certain private placements with any unregistered fund or account managed now or in the future by our Advisor or its affiliates.

Our Advisor and various funds managed by our Advisor have received an exemption from such regulations. Under the SEC order granting such exemption, each time our Advisor proposes that an unregistered fund or registered fund acquire private placement securities that are suitable for us, our Advisor will prepare a recommendation as to the proportion to be allocated to us taking into account 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. Our independent directors will review the proposed transaction and may authorize co-investment by us of up to our pro rata amount of such securities based on our total available capital if a majority of them conclude that: (i) the transaction is consistent with our investment objective and policies; (ii) the terms of co-investment are fair to us and our stockholders and do not involve overreaching; and (iii) participation by us would not disadvantage us or be on a basis different from or less advantageous than that of the participating unregistered accounts and other registered funds. If our Advisor determines that we should not participate in the co-investment opportunity that would otherwise be suitable in light of our investment objective, this determination must also be submitted to the independent directors for their approval. The directors may also approve a lower amount or determine that we should not invest. The directors may also approve a higher amount to the extent that other accounts managed by our Advisor decline to participate. In addition, private placement follow-on investments and disposition opportunities must be made available in the same manner on a pro rata basis and no co-investment (other than permitted follow-on investments) is permitted where we, on the one hand, or any other account advised by our Advisor or an affiliate, on the other hand, already hold securities of the issuer.

Our Advisor and its affiliates may spend substantial time on other business activities, including investment management and advisory activities for entities with the same or overlapping investment objectives, investing for their own account with us or any investor us, financial advisory services (including services for entities in which we invest), and acting as directors, officers, creditor committee members or in similar capacities. Subject to the requirements of the 1940 Act, our Advisor and its affiliates and associates intend to engage in such activities and may receive compensation from third parties for their services. Subject to the same requirements, such compensation may be payable by entities in which we invest in connection with actual or contemplated investments, and our Advisor may receive fees and other compensation in connection with structuring investments which they will share.

Our Advisor and its partners, officers, directors, stockholders, members, managers, employees, affiliates and agents may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, us. Affiliates and employees of our Advisor are equity investors in us.

Explanation of Responses:



**Control Persons and Principal Stockholders**

To our knowledge as of July 6, 2016 there were no persons that owned more than 25% of our outstanding voting securities, and no person would be presumed to control us, as such term is defined in the 1940 Act.

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Our Directors are divided into two groups — interested directors and independent directors. Interested directors are those who are interested persons of the Company, as defined in the 1940 Act.

The following table sets forth, as of July 6, 2016, certain ownership information with respect to the Company's shares for those persons who may, insofar as is known to us, directly or indirectly own, control or hold with the power to vote, 5% or more of our outstanding common shares and the beneficial ownership of each current Director and executive officers, and the executive officers and Directors as a group. As of July 6, 2016, all Directors and officers as a group owned less than 1% of the Company's outstanding common shares.

Ownership information for those persons, if any, who own, control or hold the power to vote, 5% or more of our shares is based upon Schedule 13D or Schedule 13G filings by such persons with the Securities and Exchange Commission (the Commission) and other information obtained from such persons, if available. Such ownership information is as of the date of the applicable filing and may no longer be accurate.

Unless otherwise indicated, we believe that each person set forth in the table below has sole voting and investment power with respect to all shares of the Company he or she beneficially owns.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
<b><i>5% or more holders</i></b>			
Common Stock	Wells Fargo & Company <sup>(1)</sup> 420 Montgomery Street San Francisco, CA 94163	4,376,727	8.96 %
Common Stock	Vaughan Nelson Investment Management, L.P. <sup>(2)</sup> 600 Travis Street, Suite 6300 Houston, TX 77002	3,140,864	6.4 %
<b><i>Interested Director Nominees</i></b>			
Common Stock	Howard M. Levkowitz <sup>(3)</sup>	132,841	*
Common Stock	Rajneesh Vig	23,750	*
<b><i>Independent Director Nominees</i></b>			
Common Stock	Eric J. Draut	50,532	*
Common Stock	Franklin R. Johnson	20,175	*
Common Stock	Peter E. Schwab	8,500	*
Common Stock	Brian F. Wruble	10,000	*
<b><i>Executive Officers</i></b>			
Common Stock	Paul L. Davis	8,500	*

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Common Stock	Elizabeth Greenwood	1,000	*
Common Stock	Todd Jaquez-Fissori	1,200	*

(1) The amount of beneficial ownership of our shares by Wells Fargo & Company ( Wells Fargo ) contained herein is on a consolidated basis and includes any beneficial ownership of our shares by Wells Fargo Advisors, LLC, Wells Fargo Bank, National Association and Wells Fargo Advisors Financial Network, LLC, each a subsidiary of Wells Fargo.

(2) By reason of investment advisory relationships with the person who owns the common shares of the Company, Vaughan Nelson Investment Management, L.P. ( Vaughan Nelson ) may be deemed to be the beneficial owner of the reported shares of the Company's common stock. Vaughan Nelson Investment Management, Inc., as General Partner of Vaughan Nelson, may be deemed the indirect beneficial owner of the reported shares of the Company's common stock. Vaughan Nelson and Vaughan Nelson Investment Management, Inc. have sole power to vote or to direct the vote of 2,271,000 shares; shared power to vote or to direct the vote of 0 shares; sole power to dispose of or to direct the disposition of 2,877,825 shares; and shared power to dispose or to direct the disposition of 263,039 shares. Both Vaughan Nelson and Vaughan Nelson Investment Management, Inc. disclaim beneficial ownership of the reported shares of the Company's common stock. Vaughan Nelson Investment Management, Inc. maintains its principal office at 600 Travis Street, Suite 6300, Houston, Texas 77002.

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The amount of beneficial ownership of our shares by Mr. Levkowitz contained herein includes 89,841 shares (3) owned directly, 30,000 shares owned indirectly as Uniform Transfers to Minors Act custodian for minor children and 13,000 shares owned indirectly through the Elayne Levkowitz Individual Retirement Account.

\* Represents less than 1%.

## **DISTRIBUTIONS**

We intend to make distributions on a quarterly basis to our stockholders out of assets legally available for distribution. The timing and amount of our quarterly distributions, if any, are determined by our board of directors. Any distributions to our stockholders are declared out of assets legally available for distribution. We intend to pay quarterly distributions to our stockholders in an amount, and on a timely basis, sufficient to obtain and maintain our status as a RIC. There can be no assurances that the Holding Company will have sufficient funds to pay distributions to our stockholders in the future to maintain our status as a RIC.

We are a RIC under the Code. To continue to obtain RIC tax benefits, we generally must distribute at least 90% of our ordinary income and net short-term capital gain in excess of net long-term capital loss, if any, out of the assets legally available for distribution. In order to avoid certain excise taxes imposed on RICs, we currently intend to distribute during each calendar year an amount at least equal to the sum of (1) 98% of our ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) 98.2% of the amount by which our capital gains exceed our capital losses (adjusted for certain ordinary losses) for the one-year period generally ending on October 31 of the calendar year and (3) certain undistributed amounts from previous years on which we paid no U.S. federal income tax. In addition, although we currently intend to distribute net capital gain (i.e., net long-term capital gain in excess of short-term capital loss), if any, at least annually, out of the assets legally available for such distributions, we may in the future decide to retain such capital gain for investment. In such event, the consequences of our retention of net capital gain are as described under U.S. Federal Income Tax Matters. We can offer no assurance that the Operating Company will achieve results that will permit the payment of any cash distributions to our stockholders. In addition, the Leverage Program prohibits us from making distributions if doing so would cause us to fail to maintain the asset coverage ratios stipulated by the 1940 Act or the Leverage Program. See Regulation, U.S. Federal Income Tax Matters and Senior Securities in the prospectus.

We maintain an opt in dividend reinvestment plan for our common stockholders. As a result, if we declare a cash dividend or other distribution, stockholders that have not opted in to our dividend reinvestment plan will receive cash dividends, 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 federal, state and local tax consequences as if they received cash distributions, but will not have received cash from us with which to pay such taxes. Further, reinvested dividends will increase the gross assets of the Holding Company and the Operating Company on which a management fee and potentially an incentive management fee are payable to our Advisor and the General Partner. See Dividend Reinvestment Plan in this SAI.

## **DETERMINATION OF NET ASSET VALUE**

The net asset value per share of our outstanding shares of common stock is determined quarterly by dividing the fair value of our total assets minus liabilities by the total number of shares of our common stock outstanding at the date as of which the determination is made. The net asset value per share of the Company's common stock is determined on a quarterly basis. The valuation procedures of the Company are described below.

In calculating the value of our total assets, we value our portfolio investments at fair value based upon the principles and methods of valuation set forth in policies adopted by our board of directors. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Market participants are buyers and sellers in the principal (or most advantageous) market for the asset that (i) are

independent of us, (ii) are knowledgeable, having a reasonable understanding about the asset based on all available information (including information that might be obtained through due diligence efforts that are usual and customary), (iii) are able to transact for the asset, and (iv) are willing to transact for the asset or liability (that is, they are motivated but not forced or otherwise compelled to do so).

Investments for which market quotations are readily available are valued at such market quotations unless the quotations are deemed not to represent fair value. We generally obtain market quotations from recognized

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exchanges, market quotation systems, independent pricing services or one or more broker-dealers or market makers. However, short term debt investments with remaining maturities within 60 days are generally valued at amortized cost, which approximates fair value. Debt and equity securities for which market quotations are not readily available, which is the case for many of our investments, or for which market quotations are deemed not to represent fair value, are valued at fair value using a consistently applied valuation process in accordance with our documented valuation policy that has been reviewed and approved by our board of directors, who also approve in good faith the valuation of such securities as of the end of each quarter. Due to the inherent uncertainty and subjectivity of determining the fair value of investments that do not have a readily available market value, the fair value of our investments may differ significantly from the values that would have been used had a readily available market value existed for such investments and may differ materially from the values that we may ultimately realize. In addition, changes in the market environment and other events may have differing impacts on the market quotations used to value some of our investments than on the fair values of our investments for which market quotations are not readily available. Market quotations may be deemed not to represent fair value in certain circumstances where we believe that facts and circumstances applicable to an issuer, a seller or purchaser, or the market for a particular security cause current market quotations to not reflect the fair value of the security. Examples of these events could include cases where a security trades infrequently causing a quoted purchase or sale price to become stale, where there is a forced sale by a distressed seller, where markets quotations vary substantially among market makers, or where there is a wide bid-ask spread or significant increase in the bid-ask spread.

The valuation process adopted by our board of directors with respect to investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value is as follows:

- The investment professionals of our Advisor provide recent portfolio company financial statements and other reporting materials to independent valuation firms engaged by our board of directors. Such firms evaluate this information along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of our Advisor.
- The fair value of smaller investments comprising in the aggregate less than 5% of our total capitalization may be determined by our Advisor in good faith in accordance with our valuation policy without the employment of an independent valuation firm.
- The audit committee of the board of directors discusses the valuations, and the board of directors approves the fair value of each investment in our portfolio in good faith based on the input of our Advisor, the respective independent valuation firms (to the extent applicable) and the audit committee of the board of directors.

Those investments for which market quotations are not readily available or for which market quotations are deemed not to represent fair value are valued utilizing a market approach, an income approach, or both approaches, as appropriate. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities (including a business). The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. In following these approaches, the types of factors that we may take into account in determining the fair value of our investments include, as relevant and among other factors: available current market data, including relevant and applicable market trading and transaction comparables, applicable market yields and multiples, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and discounted cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, our principal market (as the reporting entity) and enterprise values.

When valuing all of our investments, we strive to maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs refer broadly to the assumptions that market participants would use in pricing an asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based

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on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances. See Risks — Risks related to our business — A substantial portion of our portfolio investments may be recorded at fair value as determined in good faith by or under the direction of our board of directors and, as a result, there may be uncertainty regarding the value of our portfolio investments in our prospectus.

Our investments may be categorized based on the types of inputs used in their valuation. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Investments are classified by GAAP into the three broad levels as follows:

Level 1 — Investments valued using unadjusted quoted prices in active markets for identical assets.

Level 2 — Investments valued using other unadjusted observable market inputs, e.g. quoted prices in markets that are not active or quotes for comparable instruments.

Level 3 — Investments that are valued using quotes and other observable market data to the extent available, but which also take into consideration one or more unobservable inputs that are significant to the valuation taken as a whole.

Determination of fair value involves subjective judgments and estimates. Accordingly, the notes to our financial statements included in the prospectus express the uncertainty with respect to the possible effect of such valuations, and any change in such valuations, on our financial statements.

Except to the extent interpretations of the requirements of GAAP change, if for periods after January 1, 2013 we experience cumulative net realized capital gains and unrealized capital appreciation in respect of which incentive compensation has not been paid and cumulative total return in excess of 8%, we would accrue an amount, which would be reflected in our net asset value per share, for the incremental incentive compensation that would be payable to our Advisor or the General Partner if all of such net unrealized capital appreciation were realized.

### **Determinations in connection with offerings**

In connection with certain offerings of shares of our common stock, our board of directors or an authorized committee thereof may be required to make the determination that we are not selling shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made. Our board of directors or an authorized committee thereof will consider the following factors, among others, in making such determination:

- the net asset value of our common stock most recently disclosed by us in the most recent periodic report that we filed with the SEC;
- our Advisor's assessment of whether any material change in the net asset value of our common stock has occurred (including through the realization of gains on the sale of our portfolio securities) during the period beginning on the date of the most recently disclosed net asset value of our common stock and ending as of a time within 48 hours (excluding Sundays and holidays) of the sale of our common stock; and
- the magnitude of the difference between (i) a value that our board of directors or an authorized committee thereof has determined reflects the current (as of a time within 48 hours, excluding Sundays and holidays) net asset value of our common stock, which is based upon the net asset value of our common stock disclosed in the most recent periodic report that we filed with the SEC, as adjusted to reflect our Advisor's assessment of any material change in the net asset value of our common stock since the date of the most recently disclosed net asset value of our common stock, and (ii) the offering price of the shares of our common stock in the proposed offering.



Moreover, if such a determination is required to be made and to the extent that there is even a remote possibility that we may (i) issue shares of our common stock at a price below the then current net asset value of our common stock at the time at which the sale is made or (ii) trigger the undertaking (which we provide in certain registration statements we file with the SEC) to suspend the offering of shares of our common stock

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pursuant to this prospectus if the net asset value of our common stock fluctuates by certain amounts in certain circumstances until the prospectus is amended, our board of directors will elect, in the case of clause (i) above, either to postpone the offering until such time that there is no longer the possibility of the occurrence of such event or to undertake to determine the net asset value of our common stock within two days prior to any such sale to ensure that such sale will not be below our then current net asset value, and, in the case of clause (ii) above, to comply with such undertaking or to undertake to determine the net asset value of our common stock to ensure that such undertaking has not been triggered.

These processes and procedures are part of our compliance policies and procedures. Records will be made contemporaneously with all determinations described in this section and these records will be maintained with other records that we are required to maintain under the 1940 Act.

## **DIVIDEND REINVESTMENT PLAN**

We have adopted an opt in dividend reinvestment plan. As a result, if we declare a 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.

To enroll in the dividend reinvestment plan, each stockholder must notify Wells Fargo Bank, National Association, or Wells Fargo, a Delaware corporation, the plan administrator, in writing so that notice is received by the plan administrator prior to the record date. The plan administrator will then automatically reinvest any dividends in additional shares of our common stock. The plan administrator will set up an account for shares acquired through the plan for each stockholder who has elected to participate in the plan and may hold such shares in non-certificated form under the plan administrator's name or that of its nominee. The number of shares to be issued to a stockholder participating in the plan will be calculated by reference to all shares of common stock owned by such stockholder, whether held in such stockholder's plan account or elsewhere. The plan administrator will confirm to each participant each acquisition made for such participant pursuant to the plan as soon as practicable but not later than 10 business days after the date thereof; provided all shares have been purchased. Upon request by a stockholder participating in the plan received in writing not less than three days prior to the record date, the plan administrator will, instead of crediting shares to and/or carrying shares in the participant's account, issue, without charge to the participant, a certificate registered in the participant's name for the number of whole shares of our common stock payable to the participant and a check for any fractional share. Although each participant may from time to time have an undivided fractional interest (computed to three decimal places) in a share of our common stock, no certificates for a fractional share will be issued. However, dividends and distributions on fractional shares will be credited to each participant's account.

We will use primarily newly issued shares to implement the plan, whether our shares are trading at a premium or at a discount to net asset value. However, we reserve the right to purchase shares in the open market in connection with our implementation of the plan at a price per share equal to the average price for all shares purchased on the open market pursuant to the plan, including brokerage commissions. The number of shares to be issued to a stockholder is determined by dividing the total dollar amount of the dividend payable to such stockholder by the market price per share of our common stock at the close of regular trading on The Nasdaq Global Select Market on the valuation date fixed by our board of directors for such dividend. Market price per share on that date will be the closing price for such shares on The Nasdaq Global Select Market or, if no sale is reported for such day, the closing price for such shares on The Nasdaq Global Select Market on the last preceding date on which trading took place. The number of shares of our common stock to be outstanding after giving effect to payment of the dividend cannot be established until the value per share at which additional shares will be issued has been determined and elections of our stockholders have been tabulated. Stockholders who do not elect to receive dividends in shares of common stock may experience accretion to the net asset value of their shares if our shares are trading at a premium at the time we issue new shares under the plan

and dilution if our shares are trading at a discount. The level of accretion or dilution would depend on various factors, including the proportion of our stockholders who participate in the plan, the level of premium or discount at which our shares are trading and the amount of the dividend payable to a stockholder.

There will be no brokerage charges to stockholders with respect to shares of common stock issued directly by us. However, each participant will pay the brokerage commissions incurred in connection with open-market purchases. The plan administrator's fees under the plan will be paid by us. If a participant elects by written

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notice to the plan administrator to have the plan administrator sell part or all of the shares held by the plan administrator in the participant's account and remit the proceeds to the participant, the plan administrator is authorized to deduct a \$15.00 transaction fee plus a \$0.10 per share brokerage commissions from the proceeds. There is a \$5.00 transaction fee for the net sale proceeds to be direct deposited to a U.S. bank checking or savings account. If you have shares held through a broker, you should contact your broker to participate in the plan.

Stockholders who receive dividends in the form of stock are subject to the same U.S. federal, state and local tax consequences as are stockholders who elect to receive their dividends in cash. A stockholder's basis for determining gain or loss upon the sale of stock received in a dividend from us will be equal to the total dollar amount of the dividend payable to the stockholder. Any stock received in a dividend will have a new holding period for U.S. federal income tax purposes commencing on the day following the day on which the shares are credited to the U.S. stockholder's account.

Participants may terminate their accounts under the plan by notifying the plan administrator via its website at [www.shareowneronline.com](http://www.shareowneronline.com), by filling out the transaction request form located at bottom of their statement and sending it to the plan administrator at Wells Fargo Bank, National Association, P.O. Box 64856, St. Paul, MN 55164-0856 or by calling the plan administrator at (800) 468-9716. Such termination will be effective immediately if the participant's notice is received by the plan administrator at least three days prior to any record date; otherwise, such termination will be effective only with respect to any subsequent dividend.

The plan may be terminated by us upon notice in writing mailed to each participant at least 30 days prior to any record date for the payment of any dividend by us. All correspondence concerning the plan should be directed to the plan administrator by mail at Wells Fargo Bank, National Association, P.O. Box 64856, St. Paul, MN 55164-0856 or by telephone at (800) 468-9716.

The plan administrator will at all times act in good faith and use its best efforts within reasonable limits to ensure its full and timely performance of all services to be performed by it under the plan and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by the plan administrator's negligence, bad faith, or willful misconduct or that of its employees or agents.

## **REGULATION**

We have filed an election to be regulated as a BDC under the 1940 Act. The 1940 Act contains prohibitions and restrictions relating to transactions between BDCs and their affiliates (including any investment advisors or co-advisors), principal underwriters and affiliates of those affiliates or underwriters and requires that a majority of the directors be persons other than interested persons, as that term is defined in the 1940 Act. In addition, the 1940 Act provides that we may not change the nature of our business so as to cease to be, or to withdraw our election as, a BDC unless approved by a majority of our outstanding voting securities, which is defined in the 1940 Act as the lesser of a majority of the outstanding voting securities or 67% or more of the securities voting if a quorum of a majority of the outstanding voting securities is present. However, none of our investment policies are fundamental and any may be changed without stockholder approval.

We may invest up to 100% of our assets in securities acquired directly from issuers in privately negotiated transactions. With respect to such securities, we may, for the purpose of public resale, be deemed an underwriter as that term is defined in the Securities Act of 1933, or the Securities Act. We do not intend to acquire securities issued by any investment company that exceed the limits imposed by the 1940 Act. Under these limits, except for registered money market funds we generally cannot acquire more than 3% of the voting stock of any investment company, invest more than 5% of the value of our total assets in the securities of any single investment company or invest more than 10% of the value of our total assets in the securities of all of the investment companies in which we invest. With

regard to that portion of our portfolio invested in securities issued by investment companies, it should be noted that such investments might indirectly subject our stockholders to additional expenses as they will indirectly be responsible for the costs and expenses of such companies. Pursuant to the 1940 Act, our investment in the Operating Company is not subject to these limits because, among other reasons, (i) the Operating Company is our sole investment and (ii) we pass-through our votes on Operating Company matters to our stockholders and vote all of our interests in the Operating Company in the same proportion and manner as our stockholders vote their common stock on such matters.

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Under the 1940 Act, a BDC may not acquire any asset other than assets of the type listed in section 55(a) of the 1940 Act, which are referred to as qualifying assets, unless, at the time the acquisition is made, qualifying assets represent at least 70% of the Company's total assets. The principal categories of qualifying assets relevant to our business are the following:

- Securities purchased in transactions not involving any public offering from the issuer of such securities, which issuer (subject to certain limited exceptions) is an eligible portfolio company, or from any person who is, or has been during the preceding 13 months, an affiliated person of an eligible portfolio company, or from any other person, subject to such rules as may be prescribed by the SEC. An eligible portfolio company is defined in the 1940 Act as any issuer which:
  - is organized under the laws of, and has its principal place of business in, the United States;
  - is not an investment company (other than a small business investment company wholly-owned by the BDC) or a company that would be an investment company but for certain exclusions under the 1940 Act; and
  - satisfies either of the following:
    - has a market capitalization of less than \$250 million or does not have any class of securities listed on a national securities exchange; or
    - is controlled by a BDC or a group of companies including a BDC, the BDC actually exercises a controlling influence over the management or policies of the eligible portfolio company, and, as a result thereof, the BDC has an affiliated person who is a director of the eligible portfolio company.
- Securities of any eligible portfolio company which we control.
- Securities purchased in a private transaction from a U.S. issuer that is not an investment company or from an affiliated person of the issuer, or in transactions incident thereto, if the issuer is in bankruptcy and subject to reorganization or if the issuer, immediately prior to the purchase of its securities was unable to meet its obligations as they came due without material assistance other than conventional lending or financing arrangements.
- Securities of an eligible portfolio company purchased from any person in a private transaction if there is no ready market for such securities and we already own 60% of the outstanding equity of the eligible portfolio company.
- Securities received in exchange for or distributed on or with respect to securities described above, or pursuant to the exercise of warrants or rights relating to such securities.
- Cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment.

**Small Business Administration Regulations**

On April 22, 2014, the Operating Company's wholly-owned subsidiary, TCPC SBIC received an SBIC license from the SBA. Pursuant to an exemptive order under the 1940 Act, we have been granted exemptive relief from the SEC permitting us to exclude the debt of TCPC SBIC guaranteed by the SBA from our 200% asset coverage test under the 1940 Act. Pursuant to the 200% asset coverage ratio limitation, we are permitted to borrow one dollar for every dollar we have in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us. For example, as of December 31, 2015, we had approximately \$1,224.4 million in assets less all liabilities and indebtedness not represented by debt securities issued by us or loans obtained by us, which would permit us to borrow up to approximately \$1,224.4 million, notwithstanding other limitations on our borrowings pursuant to our Leverage Program and the Convertible Notes.

The exemptive relief provides us with increased flexibility under the 1940 Act 200% asset coverage test by permitting us to borrow up to \$150 million more than we would otherwise have been able to absent the receipt of this exemptive relief. As a result, we, in effect, are permitted to have a lower asset coverage ratio than the 200% asset coverage ratio

limitation under the 1940 Act and, therefore, we can have more debt outstanding than assets to cover such debt. For example, we are able to borrow up to \$150 million more than the approximately

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\$1,224.4 million permitted under the 200% asset coverage ratio limit as of December 31, 2015. For additional information on SBA regulations that affect our access to SBA-guaranteed debentures, see Risk Factors — Risks Relating to Our Business — TCPC SBIC is subject to SBA regulations, and any failure to comply with SBA regulations could have an adverse effect on our operations.

The SBIC license allows TCPC SBIC to obtain leverage by issuing SBA-guaranteed debentures, subject to the issuance of a capital commitment by the SBA and other customary procedures. SBA-guaranteed debentures are non-recourse, interest-only debentures with interest payable semi-annually and have a ten year maturity. The principal amount of SBA-guaranteed debentures is not required to be paid prior to maturity but may be prepaid at any time without penalty. The interest rate of SBA-guaranteed debentures is fixed on a semi-annual basis at a market-driven spread over U.S. Treasury Notes with 10-year maturities. The SBA, as a creditor, will have a superior claim to TCPC SBIC's assets over our stockholders in the event we liquidate TCPC SBIC or the SBA exercises its remedies under the SBA-guaranteed debentures issued by TCPC SBIC upon an event of default.

Small business investment companies are designed to stimulate the flow of private equity capital to eligible small businesses. Under present SBA regulations, eligible small businesses include businesses that have a tangible net worth not exceeding \$19.5 million and have average annual fully taxed net income not exceeding \$6.5 million for the two most recent fiscal years. In addition, a small business investment company must devote 25% of its investment activity to smaller concerns as defined by the SBA. A smaller concern is one that has a tangible net worth not exceeding \$6.0 million and has average annual fully taxed net income not exceeding \$2.0 million for the two most recent fiscal years. SBA regulations also provide alternative size standard criteria to determine eligibility, which depend on the industry in which the business is engaged and are based on such factors as the number of employees and gross sales. According to SBA regulations, small business investment companies may make long-term loans to small businesses, invest in the equity securities of such businesses and provide them with consulting and advisory services. We plan to provide long-term loans to qualifying small businesses, and in connection therewith, make equity investments.

We are subject to periodic examination and audit by the Small Business Administration's staff to determine our compliance with small business investment company regulations.

### **Managerial assistance to portfolio companies**

A BDC must have been organized and have its principal place of business in the United States and must be operated for the purpose of making investments in the types of securities described in Regulation — Qualifying assets above. However, in order to count portfolio securities as qualifying assets for the purpose of the 70% test, the BDC must either control the issuer of the securities or must offer to make available to the issuer of the securities significant managerial assistance. Where the BDC purchases such securities in conjunction with one or more other persons acting together, the BDC will satisfy this test if one of the other persons in the group makes available such managerial assistance, although reliance on other investors may not be the sole method by which the BDC satisfies the requirement to make available managerial assistance. Making available managerial assistance means, among other things, any arrangement whereby the BDC, through its investment manager, directors, officers or employees, offers to provide, and, if accepted, does so provide, significant guidance and counsel concerning the management, operations or business objectives and policies of a portfolio company.

### **Temporary investments**

Pending investment in other types of qualifying assets, as described above, our investments may consist of cash, cash equivalents, U.S. Government securities or high-quality debt securities maturing in one year or less from the time of investment, which we refer to, collectively, as temporary investments. Typically, we will invest in highly rated commercial paper, U.S. Government agency notes, U.S. Treasury bills or in repurchase agreements relating to such



securities that are fully collateralized by cash or securities issued by the U.S. Government or its agencies. A repurchase agreement involves the purchase by an investor, such as us, of a specified security and the simultaneous agreement by the seller to repurchase it at an agreed-upon future date and at a price which is greater than the purchase price by an amount that reflects an agreed-upon interest rate. Consequently, repurchase agreements are functionally similar to fully collateralized short-term loans. There is no percentage restriction on the proportion of our assets that may be invested in such repurchase agreements. However, the 1940 Act and certain diversification tests in order to qualify as a RIC for federal income tax purposes will typically require us to limit the amount we invest with any one counterparty. Our Advisor will monitor the creditworthiness of the counterparties with which we enter into repurchase agreement transactions.

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### **Senior securities**

We are permitted, under specified conditions, to issue multiple classes of indebtedness and one class of stock senior to our common stock if our asset coverage, as defined in the 1940 Act, is at least equal to 200% immediately after each such issuance. In addition, while any preferred stock or publicly traded debt securities are outstanding, we must make provisions to prohibit any distribution to our stockholders or the repurchase of such securities or shares unless we meet the applicable asset coverage ratios at the time of the distribution or repurchase. We may also borrow amounts up to 5% of the value of our total assets for temporary or emergency purposes without regard to asset coverage. For a discussion of the risks associated with leverage, see **Risks — Risks related to our operations as a BDC** in our prospectus.

### **Selling below NAV**

We may sell our common stock, subscription rights, warrants, options or rights to acquire our common stock, at a price below the current net asset value of our common stock in certain circumstances, including if (i)(1) the holders of a majority of our shares (or, if less, at least 67% of a quorum consisting of a majority of our shares) and a similar majority of the holders of our shares who are not affiliated persons of us approve the sale of our common stock at a price that is less than the current net asset value, and (2) a majority of our Directors who have no financial interest in the transaction and a majority of our independent Directors (a) determine that such sale is in our and our stockholders best interests and (b) if the sale is a sale of shares of common stock, in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares, or immediately prior to the issuance of such shares, that the price at which such shares are to be sold is not less than a price which closely approximates the market value of such shares, less any distributing commission or discount and (3) if the sale is a sale of long term rights, warrants or options, the exercise or conversion price is not less than market value of the common stock at the time of the issuance of such rights, warrants or options or if (ii) a majority of the number of the beneficial holders of our common stock entitled to vote at the annual meeting, without regard to whether a majority of such shares are voted in favor of the proposal, approve the sale of our common stock at a price that is less than the current net asset value per share.

### **Code of ethics**

The Holding Company and the Operating Company have each adopted a code of ethics pursuant to Rule 17j-1 under the 1940 Act that establishes procedures for personal investments and restricts certain personal securities transactions. Personnel subject to each code may invest in securities for their personal investment accounts, including securities that may be purchased or held by us, so long as such investments are made in accordance with the code's requirements. You may read and copy the code of ethics at the SEC's Public Reference Room in Washington, D.C. You may obtain information on the operation of the Public Reference Room by calling the SEC at (202) 551-8090. In addition, the code of ethics is attached as an exhibit to the registration statement of which this SAI is a part, and is available on the IDEA Database on the SEC's Internet site at <http://www.sec.gov>. You may also obtain copies of the code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov), or by writing the SEC's Public Reference Section, 100 F Street, N.E., Washington, D.C. 20549. You may also access the codes of ethics by going to our website at <http://investors.tpcapital.com/>.

### **Proxy voting policies and procedures**

We have delegated our proxy voting responsibility to our Advisor. The Proxy Voting Policies and Procedures of our Advisor are set forth below. The guidelines are reviewed periodically by our Advisor and our independent directors, and, accordingly, are subject to change.

Introduction

As an investment advisor registered under the Investment Advisers Act of 1940 (the Advisers Acts ), our Advisor has a fiduciary duty to act solely in our best interests and in the best interests of our stockholders. As part of this duty, our Advisor recognizes that it must vote client securities in a timely manner free of conflicts of interest and in our best interests and the best interests of our stockholders. Our Advisor s Proxy Voting Policies and Procedures have been formulated to ensure decision-making consistent with these fiduciary duties.

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These policies and procedures for voting proxies for our investment advisory clients are intended to comply with Section 206 of, and Rule 206(4)-6 under, the Advisers Act.

### Proxy policies

Our Advisor evaluates routine proxy matters, such as proxy proposals, amendments or resolutions on a case-by-case basis. Routine matters are typically proposed by management and our Advisor will normally support such matters so long as they do not measurably change the structure, management control, or operation of the corporation and are consistent with industry standards as well as the corporate laws of the state of incorporation.

Our Advisor also evaluates non-routine matters on a case-by-case basis. Non-routine proposals concerning social issues are typically proposed by stockholders who believe that the corporation's internally adopted policies are ill-advised or misguided. If our Advisor has determined that management is generally socially responsible, our Advisor will generally vote against these types of non-routine proposals. Non-routine proposals concerning financial or corporate issues are usually offered by management and seek to change a corporation's legal, business or financial structure. Our Advisor will generally vote in favor of such proposals provided the position of current stockholders is preserved or enhanced. Non-routine proposals concerning stockholder rights are made regularly by both management and stockholders. They can be generalized as involving issues that transfer or realign board or stockholder voting power. Our Advisor typically would oppose any proposal aimed solely at thwarting potential takeovers by requiring, for example, super-majority approval. At the same time, our Advisor believes stability and continuity promote profitability. Our Advisor's guidelines in this area seek a middle road and individual proposals will be carefully assessed in the context of their particular circumstances.

### Proxy voting records

You may obtain information about how we voted proxies by making a written request for proxy voting information to:

Tennenbaum Capital Partners, LLC  
Attention: Investor Relations  
2951 28th Street, Suite 1000  
Santa Monica, California 90405

### **No-Action Relief from Registration as a Commodity Pool Operator.**

The Holding Company and the Operating Company each are relying on a no-action letter (the "No-Action Letter") issued by the staff of the Commodity Futures Trading Commission (the "CFTC") as a basis to avoid registration with the CFTC as a commodity pool operator ("CPO"). The No-Action Letter allows an entity to engage in CFTC-regulated transactions ("commodity interest transactions") that are bona fide hedging transactions (as that term is defined and interpreted by the CFTC and its staff), but prohibit an entity from entering into commodity interest transactions if they are non-bona fide hedging transactions, unless immediately after entering such non-bona fide hedging transaction (a) the sum of the amount of initial margin deposits on the entity's existing futures or swaps positions and option or swaption premiums does not exceed 5% of the market value of the entity's liquidation value, after taking into account unrealized profits and unrealized losses on any such transactions, or (b) the aggregate net notional value of the entity's commodity interest transactions would not exceed 100% of the market value of the entity's liquidation value, after taking into account unrealized profits and unrealized losses on any such transactions. Both the Holding Company and the Operating Company are required to operate pursuant to these trading restrictions if they intend to continue to rely on the No-Action Letter as a basis to avoid CPO registration.

### **Other**

Explanation of Responses:

We are not generally able to issue and sell our common stock at a price below net asset value per share. We may, however, issue and sell our common stock, at a price below the current net asset value of the common stock, or issue and sell warrants, options or rights to acquire such common stock, at a price below the current net asset value of the common stock if our board of directors determines that such sale is in our best interest and in the best interests of our stockholders, and our stockholders have approved our policy and practice of making such sales within the preceding 12 months. At our 2015 annual meeting, held on May 20, 2015, subject to the condition that the maximum number of shares salable below net asset value pursuant to this authority in any

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particular offering that could result in such dilution is limited to 25% of our then outstanding common stock immediately prior to each such offering, our stockholders approved our ability to sell or otherwise issue shares of our common stock at any level of discount from net asset value per share for a twelve month period expiring on the anniversary of the date of stockholder approval. We intend to seek stockholder approval at our 2016 annual meeting to continue for an additional year our ability 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. In any such case, the price at which our securities are to be issued and sold may not be less than a price which, in the determination of our board of directors, closely approximates the market value of such securities.

We may also be prohibited under the 1940 Act from knowingly participating in certain transactions with our affiliates without the prior approval of our board of directors who are not interested persons and, in some cases, prior approval by the SEC.

We are subject to periodic examination by the SEC for compliance with the 1940 Act.

We are required to provide and maintain a bond issued by a reputable fidelity insurance company to protect us against larceny and embezzlement. Furthermore, as a BDC, we are prohibited from protecting any director or officer against any liability to us or our stockholders arising from willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of such person's office.

## **BROKERAGE ALLOCATIONS AND OTHER PRACTICES**

Subject to the supervision of the board of directors, decisions to buy and sell securities and bank debt for the Company and decisions regarding brokerage commission rates are made by our Advisor. Transactions on stock exchanges involve the payment by the Company of brokerage commissions. In certain instances the Company may make purchases of underwritten issues at prices which include underwriting fees.

In selecting a broker to execute each particular transaction, our Advisor will take the following into consideration: the best net price available; the reliability, integrity and financial condition of the broker; the size and difficulty in executing the order, and the value of the expected contribution of the broker to the investment performance of the Company on a continuing basis. Accordingly, the cost of the brokerage commissions to the Company in any transaction may be greater than that available from other brokers if the difference is reasonably justified by other aspects of the portfolio execution services offered. The aggregate amount of brokerage commission paid by the Company over the previous three fiscal years was \$0.0 million. The extent to which our Advisor makes use of statistical, research and other services furnished by brokers may be considered by our Advisor in the allocation of brokerage business, but there is not a formula by which such business is allocated. Our Advisor does so in accordance with its judgment of the best interests of the Company and its stockholders.

One or more of the other investment funds or accounts which our Advisor manages may own from time to time some of the same investments as the Company. When two or more companies or accounts seek to purchase or sell the same securities, the securities actually purchased or sold and any transaction costs will be allocated among the companies and accounts on a good faith equitable basis by our Advisor in its discretion in accordance with the accounts' various investment objectives, subject to the allocation procedures adopted by the board of directors related to privately placed securities (including an implementation of any co-investment exemptive relief obtained by the Company and our Advisor). In some cases, this system may adversely affect the price or size of the position obtainable for the Company. In other cases, however, the ability of the Company to participate in volume transactions may produce better execution for the Company. It is the opinion of the board of directors that this advantage, when combined with the other benefits available due to our Advisor's organization, outweighs any disadvantages that may be said to exist from

exposure to simultaneous transactions.

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