

TCP Capital Corp.
Form 10-Q
November 08, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended September 30, 2012

.. Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 814-00899

TCP CAPITAL CORP.

(Exact Name of Registrant as Specified in Charter)

Delaware	56-2594706
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification No.)

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2951 28th Street, Suite 1000

Santa Monica, California

90405

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(310) 566-1000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days: Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller Reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the registrant's Common Stock, \$0.001 par value, outstanding as of November 7, 2012 was 21,476,464

TCP CAPITAL CORP.

FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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TCP Capital Corp.

Consolidated Statements of Assets and Liabilities

	September 30, 2012 (unaudited)	December 31, 2011
Assets		
Investments, at fair value:		
Unaffiliated issuers (cost of \$473,567,639 and \$380,905,101, respectively)	\$ 375,517,204	\$ 287,312,979
Controlled companies (cost of \$45,558,054 and \$26,711,048 respectively)	23,198,321	740,761
Other affiliates (cost of \$78,947,353 and \$92,886,265, respectively)	91,406,993	90,906,796
Total investments (cost of \$598,073,046 and \$473,791,366, respectively)	490,122,518	378,960,536
Cash and cash equivalents	11,514,135	10,831,678
Accrued interest income:		
Unaffiliated issuers	5,327,523	5,505,427
Controlled companies	56,280	-
Other Affiliates	1,390,086	783,375
Receivable for investments sold	11,162,245	4,297,270
Deferred debt issuance costs	806,995	1,137,513
Unrealized appreciation on swaps	321,330	172,424
Prepaid expenses and other assets	571,641	1,765,280
Total assets	\$ 521,272,753	\$ 403,453,503
Liabilities		
Credit facility payable	48,000,000	29,000,000
Payable for investments purchased	19,925,000	267,911
Payable to the Investment Manager	248,811	226,100
Management and advisory fees payable	-	565,599
Interest payable	57,925	75,668
Accrued expenses and other liabilities	870,006	980,933
Total liabilities	69,101,742	31,116,211
Preferred equity facility		
Series A preferred limited partner interests in Special Value Continuation Partners, LP; \$20,000/interest liquidation preference; 6,700 interests authorized, issued and outstanding	134,000,000	134,000,000
Accumulated dividends on Series A preferred equity facility	535,582	466,418
Total preferred limited partner interests	134,535,582	134,466,418
Net assets applicable to common shareholders	\$ 317,635,429	\$ 237,870,874
Composition of net assets applicable to common shareholders	\$ -	\$ 419

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Common interests, \$0.001 par value; unlimited interests authorized, 418,955.777 interests issued and outstanding as of December 31, 2011		
Common stock, \$0.001 par value; 200,000,000 shares authorized, 21,476,464 shares issued and outstanding as of September 30, 2012	21,476	-
Paid-in capital in excess of par	445,696,889	364,742,957
Accumulated net investment income	19,345,469	13,515,239
Accumulated net realized losses	(39,392,758) (45,411,498)
Accumulated net unrealized depreciation	(108,035,647) (94,976,243)
Net assets applicable to common shareholders	\$ 317,635,429	\$ 237,870,874
Net assets per share	\$ 14.79	N/A

See accompanying notes.

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited)

September 30, 2012

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Fair Value	Percent of Cash and Investments	
Debt Investments (87.16%)				
Bank Debt (66.69%)⁽¹⁾				
Accounting, Tax Preparation, Bookkeeping, and Payroll Services (4.00%)				
Expert Global Solutions, LLC, Senior Secured 1st Lien Term Loan B, LIBOR + 6.75%, 1.25% LIBOR Floor, due 4/2/18	\$4,925,250	\$4,960,663	0.99	%
Expert Global Solutions, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 9.5%, 1.5% LIBOR Floor, due 10/2/18	\$15,000,000	15,082,500	3.01	%
Total Accounting, Tax Preparation, Bookkeeping, and Payroll Services		20,043,163		
Business Support Services (3.73%)				
STG-Fairway Acquisitions, Inc., Senior Secured 2nd Lien Term Loan, 12.5%, due 12/29/15	\$19,482,955	18,703,637	3.73	%
Clothing Stores (1.93%)				
Kenneth Cole Productions, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 10.60%, 1% LIBOR Floor, due 9/25/17	\$10,000,000	9,706,000	1.93	%
Computer Equipment Manufacturing (1.92%)				
ELO Touch Solutions, Inc., Senior Secured 2nd Lien Term Loan, LIBOR + 10.5%, 1.5% LIBOR Floor, due 12/4/18	\$10,000,000	9,650,000	1.92	%
Commercial and Industrial Machinery and Equipment Rental and Leasing (3.46%)				
Sky Funding AMR Lease Portfolio, Senior Subordinated 1st Lien Term Loan, 10%, due 9/6/16 - (Ireland)	\$17,000,000	17,365,500	3.46	%
Data Processing, Hosting, and Related Services (1.49%)				

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The Telx Group, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6.5%, 1.25% LIBOR Floor, due 9/22/17	\$7,425,032	7,480,720	1.49	%
Electric Power Generation, Transmission and Distribution (2.22%)				
Panda Sherman Power, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 7.5%, 1.5% LIBOR Floor, due 9/14/18	\$11,070,172	11,125,523	2.22	%
Electronic Shopping and Mail-Order Houses (2.54%)				
Shopzilla, Inc., Senior Secured 2nd Lien Term Loan, 13%, due 6/1/14	\$12,603,150	12,703,975	2.54	%
Full-Service Restaurants (2.99%)				
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche A, 11%, due 3/19/16 ⁽²⁾	\$3,753,949	3,753,949	0.75	%
RM OpCo, LLC, Senior Secured 1st Lien Term Loan Tranche B, 12% Cash + 7% PIK, due 3/19/16 ⁽²⁾	\$6,140,590	6,140,590	1.23	%
RM Holdco, LLC, Subordinated Convertible Term Loan, 1.12% PIK, due 3/21/18 ⁽²⁾	\$5,061,923	5,061,923	1.01	%
Total Full-Service Restaurants		14,956,462		
Gambling Industries (5.79%)				
Golden Gaming, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7% Cash + 1% PIK 2% LIBOR Floor, due 4/15/16	\$15,975,148	15,655,645	3.12	%
AGS LLC, 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	\$13,269,231	13,395,288	2.67	%
AGS LLC, DDTL 1st Lien Term Loan, LIBOR + 10%, 1.5% LIBOR Floor, due 8/15/16	\$-	16,442	-	
Total Gambling Industries		29,067,375		
Grocery Stores (2.84%)				
Bashas, Inc., Senior Secured 1st Lien FILO Term Loan, LIBOR + 9.35%, 1.5% LIBOR Floor, due 12/28/15	\$13,881,440	14,228,476	2.84	%
Iron and Steel Mills and Ferroalloy Manufacturing (1.28%)				
Essar Steel Algoma, Inc., Senior Secured Term Loan, LIBOR + 7.5%, 1.25% LIBOR Floor, due 9/20/14	\$6,343,967	6,407,406	1.28	%

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2012

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)				
Motion Picture and Video Industries (2.99%)				
CORE Entertainment, Inc., Senior Secured 1st Lien Term Loan, 9%, due 6/21/17	\$9,462,231	\$8,031,069	1.60	%
CORE Entertainment, Inc., Senior Secured 2nd Lien Term Loan, 13.5%, due 6/21/18	\$7,569,785	6,964,202	1.39	%
Total Motion Picture and Video Industries		14,995,271		
Motor Vehicle Parts Manufacturing (2.56%)				
Diversified Machine, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 7.75%, 1.5% LIBOR Floor, due 12/1/16	\$13,059,693	12,836,568	2.56	%
Other Telecommunications (2.05%)				
Gogo, LLC, Senior Secured 1st Lien Term Loan, LIBOR + 9.75%, 1.5% LIBOR Floor, due 6/21/17	\$10,233,124	10,284,290	2.05	%
Other Professional, Scientific, and Technical Services (2.43%)				
Connolly, LLC, Senior Secured 2nd Lien Term Loan, LIBOR + 9.25%, 1.25% LIBOR Floor, due 7/26/19	\$12,000,000	12,180,000	2.43	%
Other Financial Investment Activities (1.50%)				
Marsico Capital Management, Senior Secured 1st Lien Term Loan, LIBOR + 5%, due 12/31/22	\$11,322,975	7,529,778	1.50	%
Promoters of Performing Arts, Sports, and Similar Events (2.21%)				
Stadium Management Group, Senior Secured 2nd Lien Term Loan, LIBOR + 9.50%, 1.25% LIBOR Floor, due 12/7/18	\$11,000,000	11,110,000	2.21	%

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Radio and Television Broadcasting (4.89%)

Encompass Digital Media, Inc., 1st Lien Term Loan, LIBOR + 6.5%, 1.5% LIBOR Floor, due 8/10/17	\$7,960,000	7,999,800	1.59	%
Granite Broadcasting Corporation, Senior Secured 1st Lien Term Loan B, LIBOR + 7.25%, 1.25% LIBOR Floor, due 5/23/18	\$9,975,000	10,024,875	2.00	%
SiTV, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6% Cash + 4% PIK, 2% LIBOR Floor, due 8/3/16	\$6,762,014	6,542,249	1.30	%
Total Radio and Television Broadcasting		24,566,924		

Scheduled Air Transportation (3.43%)

Delta Air Lines, Inc., Aircraft Secured Mortgage (N913DL), 8%, due 7/15/18 ⁽⁶⁾	\$384,988	384,411	0.08	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N918DL), 8%, due 7/15/18 ⁽⁶⁾	\$472,928	467,726	0.09	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N954DL), 8%, due 9/20/19 ⁽⁶⁾	\$611,944	601,847	0.12	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N955DL), 8%, due 9/20/19 ⁽⁶⁾	\$627,137	614,908	0.12	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N956DL), 8%, due 9/20/19 ⁽⁶⁾	\$627,690	616,078	0.12	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N957DL), 8%, due 9/20/19 ⁽⁶⁾	\$632,622	620,286	0.12	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N959DL), 8%, due 9/20/19 ⁽⁶⁾	\$637,515	624,765	0.12	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N960DL), 8%, due 9/20/19 ⁽⁶⁾	\$657,412	642,949	0.13	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N961DL), 8%, due 9/20/19 ⁽⁶⁾	\$653,219	639,502	0.13	%
Delta Air Lines, Inc., Aircraft Secured Mortgage (N976DL), 8%, due 7/15/18 ⁽⁶⁾	\$492,946	489,495	0.10	%
United Air Lines, Inc., Aircraft Secured Mortgage (N510UA), 20%, due 9/26/16 ⁽²⁾	\$428,395	565,053	0.11	%
United Air Lines, Inc., Aircraft Secured Mortgage (N512UA), 20%, due 10/26/16 ⁽²⁾	\$431,942	572,323	0.11	%
United Air Lines, Inc., Aircraft Secured Mortgage (N536UA), 16%, due 8/21/14 ⁽²⁾	\$284,300	316,995	0.06	%
United Air Lines, Inc., Aircraft Secured Mortgage (N545UA), 16%, due 7/17/15 ⁽²⁾	\$406,922	474,878	0.09	%
United Air Lines, Inc., Aircraft Secured Mortgage (N585UA), 20%, due 10/25/16 ⁽²⁾	\$507,165	672,500	0.13	%
United Air Lines, Inc., Aircraft Secured Mortgage (N659UA), 12%, due 3/28/16 ⁽⁶⁾	\$3,939,156	4,415,794	0.88	%
United Air Lines, Inc., Aircraft Secured Mortgage (N661UA), 12%, due 5/4/16 ⁽⁶⁾	\$4,074,011	4,624,003	0.92	%
Total Scheduled Air Transportation		17,343,513		

TCP Capital Corp.

Consolidated Statement of Investments (Unaudited) (Continued)

September 30, 2012

Showing Percentage of Total Cash and Investments of the Company

Investment	Principal Amount	Fair Value	Percent of Cash and Investments	
Debt Investments (continued)				
Software Publishers (6.85%)				
Blackboard, Inc., Senior Secured 1st Lien Term Loan, LIBOR + 6%, 1.5% LIBOR Floor, due 10/4/18	\$13,547,625	\$13,691,569	2.73	%
Blackboard, Inc., Senior Secured Incremental 1st Lien Term Loan, LIBOR + 6%, 1.5% LIBOR Floor, due 10/4/18	\$995,000	1,005,572		