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

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2018

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**TPG Specialty Lending, Inc.**  
(Exact name of registrant as specified in charter)

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Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-36364  
(Commission  
File Number)

27-3380000  
(I.R.S. Employer  
Identification No.)

301 Commerce Street, Suite 3300  
Fort Worth, TX  
(Address of Principal Executive Offices)

76102  
(zip code)

Registrant's telephone number, including area code: (817) 871-4000

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 – Results of Operations and Financial Condition**

On August 1, 2018, the registrant issued a press release announcing its financial results for the quarter ended June 30, 2018. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

The information disclosed under this Item 2.02, including Exhibit 99.1 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 7.01 – Regulation FD Disclosure**

On August 1, 2018, the registrant issued a press release, included herewith as Exhibit 99.1, announcing the declaration of a third fiscal quarter 2018 base dividend of \$0.39 per share for stockholders of record as of September 14, 2018, payable on October 15, 2018, and a quarterly supplemental dividend of \$0.08 per share for stockholders of record as of August 31, 2018, payable on September 28, 2018.

On August 1, 2018, the registrant issued a letter to stakeholders, included herewith as Exhibit 99.2 and by this reference incorporated herein.

The information disclosed under this Item 7.01, including Exhibits 99.1 and 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 9.01 – Financial Statements and Exhibits**

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press Release, dated August 1, 2018</a>
99.2	<a href="#">Letter to Stakeholders, dated August 1, 2018</a>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TPG SPECIALTY LENDING, INC.  
(Registrant)

Date: August 1, 2018

By: /s/ Ian Simmonds  
Ian Simmonds  
Chief Financial Officer



## Second Quarter 2018 Earnings Results

### TPG Specialty Lending, Inc. Reports Second Quarter NII Per Share of \$0.56 and NAV Per Share of \$16.36; Declares a Second Quarter Supplemental Dividend Per Share of \$0.08 and a Third Quarter Base Dividend Per Share of \$0.39; Board Approves Reduction in Minimum Asset Coverage Ratio

NEW YORK—August 1, 2018—TPG Specialty Lending, Inc. (NYSE: TSLX, or the “Company”) today reported net investment income of \$36.3 million, or \$0.56 per share, and net income of \$33.6 million, or \$0.52 per share, for the second quarter ended June 30, 2018. Net asset value per share was \$16.36 at June 30, 2018 as compared to \$16.27 at March 31, 2018.

Annualized return on average equity (ROE) for the second quarter 2018 were 13.8% and 12.7% on a net investment income and a net income basis, respectively.

The Company announced that its Board of Directors has declared a third quarter 2018 base dividend of \$0.39 per share for stockholders of record as of September 14, 2018, payable on October 15, 2018. The Company’s Board of Directors also declared a second quarter supplemental dividend of \$0.08 per share for stockholders of record as of August 31, 2018, payable on September 28, 2018.

The Company’s Board of Directors previously declared a first quarter supplemental dividend of \$0.06 per share and a second quarter base dividend of \$0.39 per share, payable to stockholders of record as of May 31, 2018 and June 15, 2018, respectively, which were paid on June 29, 2018 and July 13, 2018, respectively.

The Company announced that its Board of Directors has approved the reduction of the Company’s minimum asset coverage ratio to 150%, effective August 1, 2019, as permitted under Section 61(a)(2) of the Investment Company Act of 1940 Act, as amended by the Small Business Credit Availability Act, following an extensive review of the Company’s plan with respect to increased leverage flexibility. The Company also announced it will seek stockholder approval for the application of the lower minimum asset coverage ratio at a special meeting of stockholders, so that the Company may increase its leverage limitation under the 1940 Act sooner than August 1, 2019. The date of the special meeting has not yet been determined. If the proposal is approved by the Company’s stockholders at the special meeting, the application of the 150% minimum asset coverage ratio would be effective as of the day after the special meeting. Once the 150% minimum asset coverage ratio is in effect (either after a special meeting or on August 1, 2019), TSL Advisers, LLC (“the Adviser”) intends to waive a portion of the Management Fee payable under the Company’s Investment Advisory Agreement by reducing the Management Fee on assets financed with leverage in excess of 1.0x debt to equity. Pursuant to the waiver, the Adviser intends to waive the portion of the Management Fee in excess of an annual rate of 1.0% (0.250% per quarter) on the average value of the Company’s gross assets as of the end of the two most recently completed calendar quarters that exceeds the product of (i) 200% and (ii) the average value of the Company’s net asset value at the end of the two most recently completed calendar quarters. Upon the effectiveness of the lower minimum asset coverage ratio requirement, the Company’s revised financial policy is to increase its target debt to equity range from 0.75x-0.85x to 0.90x-1.25x.

Net Investment Income	
Q2 2018 (\$MM):	\$36.3
Q2 2018 (per share):	\$0.56

Net Income	
Q2 2018 (\$MM):	\$33.6
Q2 2018 (per share):	\$0.52

NAV	
Q2 2018 (\$MM):	\$1,062
Q2 2018 (per share):	\$16.36
Q2 2018 (per share, PF):	\$16.28

Annualized ROE	
Q2 2018 (NII):	13.8%
Q2 2018 (NI):	12.7%

Dividend (per share)	
Q2 2018 (Supp.):	\$0.08
Q2 2018 (Base):	\$0.39
Q3 2018 (Base):	\$0.39
Q2 YTD 2018 (Supp.):	\$0.14
Q2 YTD 2018 (Base):	\$0.78

## Portfolio and Investment Activity

For the three months ended June 30, 2018, gross originations totaled \$944.4 million. This compares to \$564.6 million for the three months ended March 31, 2017 and \$397.7 million for the three months ended June 30, 2017.

For the three months ended June 30, 2018, the Company made new investment commitments and fundings of \$265.1 million and \$221.6 million, respectively, in four new portfolio companies and six existing portfolio companies. For this period, the Company had \$182.9 million aggregate principal amount in exits and repayments.

For the three months ended June 30, 2017, the Company made new investment commitments and fundings of \$267.7 million and \$246.5 million, respectively, in five new portfolio companies and five existing portfolio companies. For this period, the Company had \$270.7 million aggregate principal amount in exits and repayments.

As of June 30, 2018 and March 31, 2018, the Company had investments in 48 portfolio companies with an aggregate fair value of \$1,955.1 million and \$1,909.3 million, respectively. As of June 30, 2018, the average investment size in each portfolio company was \$40.7 million based on fair value.

As of June 30, 2018, the portfolio based on fair value consisted of 93.8% first-lien debt investments, 3.1% second-lien debt investments, and 3.1% equity and other investments. As of March 31, 2018, the portfolio based on fair value consisted of 94.4% first-lien debt investments, 3.2% second-lien debt investments, and 2.4% equity and other investments. As of June 30, 2018 and March 31, 2018, approximately 96.9% and 97.6% of the portfolio was invested in secured debt, respectively.

As of June 30, 2018, 100.0% of debt investments based on fair value in the portfolio bore interest at floating rates (when including investment specific hedges), with 94.1% of these subject to interest rate floors. The Company's credit facilities also bear interest at floating rates. In connection with the Company's Convertible Notes and other Notes, which bear interest at fixed rates, the Company entered into fixed-to-floating interest rate swaps in order to align the nature of the interest rates of its liabilities with its investment portfolio.

As of June 30, 2018 and March 31, 2018, the weighted average total yield of debt and income-producing securities at fair value (which includes interest income and amortization of fees and discounts) was 11.4% and 11.1%, respectively, and the weighted average total yield of debt and income-producing securities at amortized cost (which includes interest income and amortization of fees and discounts) was 11.4% and 11.2%, respectively.

As of June 30, 2018, 100% of the portfolio at fair value was meeting all payment and covenant requirements. No investments were on non-accrual status at June 30, 2018.

Gross Originations
\$944.4MM

Net Fundings
\$38.7MM

Average Investment Size
\$40.7MM <i>(2.1% of the portfolio at fair value)</i>

First Lien Debt (% FV)
93.8%

Secured Debt (% FV)
96.9%

Weighted Average Portfolio Yields	
Yield at Fair Value:	11.4%
Yield at Amortized Cost:	11.4%

*Results of Operations for the Three Months Ended June 30, 2018  
Compared to the Three Months Ended June 30, 2017*

**Investment Income**

For the three months ended June 30, 2018 and 2017, investment income totaled \$66.4 million and \$58.8 million, respectively. The increase in investment income was primarily driven by an increase in the average size of the investment portfolio.

Total Investment Income
\$66.4MM

**Expenses**

Net expenses totaled \$29.2 million and \$24.0 million for the three months ended June 30, 2018 and 2017, respectively. This increase in net expenses was primarily due to an increase in the average interest rate on the debt outstanding following an increase in LIBOR, higher outstanding debt balances, as well as higher management and incentive fees.

Net Expenses
\$29.2MM

**Liquidity and Capital Resources**

As of June 30, 2018, the Company had \$10.3 million in cash and cash equivalents, including \$7.2 million of restricted cash, total principal value of debt outstanding of \$876.9 million, and \$500.6 million of undrawn capacity on its revolving credit facility, subject to borrowing base and other limitations. The Company's weighted average interest rate on debt outstanding was 4.1% and 3.7% for the three months ended June 30, 2018 and March 31, 2018, respectively. Average debt to equity was 0.89x and 0.84x during the three months ended June 30, 2018 and March 31, 2018, respectively.

Total Principal Debt Outstanding
\$876.9MM

Available Liquidity
\$500.6MM

**Other Information**

The Company's Board of Directors approved an extension of the Company's stock repurchase plan ("Company 10b5-1 Plan") to acquire up to \$50 million in the aggregate of TSLX's common stock at prices below TSLX's net asset value per share, in accordance with the guidelines specified in Rule 10b-18 and Rule 10b5-1 of the Securities Exchange Act of 1934. Unless extended or terminated by its Board of Directors, the Company expects that the stock repurchase plan will be in effect through the earlier of February 28, 2019, or such time as the current approved repurchase amount of up to \$50 million has been fully utilized, subject to certain conditions.

Debt-to-Equity Ratio	
Q2 2018 Quarter End:	0.82x
Q2 2018 Average <sup>(1)</sup> :	0.89x

(1) Daily average debt outstanding during the quarter divided by the daily average net assets during the quarter. Daily average net assets is calculated by starting with the prior quarter end net asset value and adjusting for capital activity during the quarter (adding common stock offerings / DRIP contributions).



## *Conference Call and Webcast*

### **Conference Call Information:**

The conference call will be broadcast live at 8:30 a.m. Eastern Time on August 2, 2018. Please visit TSLX's webcast link located on the Events & Presentation page of the Investor Resources section of TSLX's website <http://www.tpgspecialtylending.com> for a slide presentation that complements the Earnings Conference Call. Please visit the website to test your connection before the webcast.

Participants are also invited to access the conference call by dialing one of the following numbers:

Domestic: (877) 359-9508  
International: +1 (253) 237-1122  
Conference ID: 6889249

All callers will need to enter the Conference ID followed by the # sign and reference "TPG Specialty Lending" once connected with the operator. All callers are asked to dial in 10-15 minutes prior to the call so that name and company information can be collected.

### **Replay Information:**

An archived replay will be available from approximately 12:00 p.m. Eastern Time on August 2 through August 9 via a webcast link located on the Investor Resources section of TSLX's website, and via the dial-in numbers listed below:

Domestic: (855) 859-2056  
International: +1 (404) 537-3406  
Conference ID: 6889249

## Financial Highlights

(Amounts in millions, except per share amounts)

	Three Months Ended (unaudited)		
	June 30, 2018	March 31, 2018	June 30, 2017
Investments at Fair Value	\$ 1,955.1	\$ 1,909.3	\$ 1,554.5
Total Assets	\$ 1,978.5	\$ 1,930.1	\$ 1,589.1
Net Asset Value Per Share	\$ 16.36	\$ 16.27	\$ 16.15
Supplemental Dividend Per Share	\$ 0.08	\$ 0.06	\$ 0.09
Pro Forma Net Asset Value Per Share <sup>(1)</sup>	\$ 16.28	\$ 16.21	\$ 16.06
Investment Income	\$ 66.4	\$ 57.8	\$ 58.8
Net Investment Income	\$ 36.3	\$ 31.2	\$ 33.9
Net Income	\$ 33.6	\$ 33.8	\$ 31.8
Net Investment Income Per Share	\$ 0.56	\$ 0.51	\$ 0.57
Net Realized and Unrealized Gains (and Losses) Per Share	(\$0.04)	\$ 0.05	(\$0.04)
Net Income Per Share	\$ 0.52	\$ 0.56	\$ 0.53
Annualized Return on Equity (Net Investment Income) <sup>(2)</sup>	13.8%	12.7%	14.1%
Annualized Return on Equity (Net Income) <sup>(2)</sup>	12.7%	13.8%	13.2%
Weighted Average Yield of Debt and Income Producing Securities at Fair Value	11.4%	11.1%	10.7%
Weighted Average Yield of Debt and Income Producing Securities at Amortized Cost	11.4%	11.2%	10.8%
Percentage of Debt Investment Commitments at Floating Rates <sup>(3)</sup>	100.0%	100.0%	100.0%

(1) Pro Forma Net Asset Value Per Share gives effect to the supplemental dividend declared related to earnings in the applicable period.

(2) Return on equity is calculated using weighted average equity. Weighted average equity is calculated by starting with NAV at the beginning of the period, adjusting daily for equity issuances and adjusting on the last day of the period for that quarter's net income and dividends payable.

(3) Includes one or more fixed rate investments for which the Company entered into an interest rate swap agreement to swap to floating rate.



## Financial Statements and Tables

TPG Specialty Lending, Inc.  
Consolidated Balance Sheets  
*(Amounts in thousands, except share and per share amounts)*  
*(Unaudited)*

	June 30, 2018	December 31, 2017
<b>Assets</b>		
Investments at fair value		
Non-controlled, non-affiliated investments (amortized cost of \$1,739,334 and \$1,523,844, respectively)	\$ 1,776,358	\$ 1,557,803
Non-controlled, affiliated investments (amortized cost of \$39,219 and \$0, respectively)	39,210	—
Controlled, affiliated investments (amortized cost of \$160,755 and \$162,406, respectively)	139,514	135,920
Total investments at fair value (amortized cost of \$1,939,308 and \$1,686,250, respectively)	1,955,082	1,693,723
Cash and cash equivalents (restricted cash of \$7,181 and \$3,150, respectively)	10,308	6,665
Interest receivable	8,596	6,762
Prepaid expenses and other assets	4,493	13,088
<b>Total Assets</b>	<b>\$ 1,978,479</b>	<b>\$ 1,720,238</b>
<b>Liabilities</b>		
Debt (net of deferred financing costs of \$16,729 and \$11,770, respectively)	\$ 858,186	\$ 703,428
Management fees payable to affiliate	7,322	6,219
Incentive fees payable to affiliate	7,700	5,628
Dividends payable	25,306	23,488
Other payables to affiliate	2,236	1,901
Other liabilities	15,687	10,290
<b>Total Liabilities</b>	<b>916,437</b>	<b>750,954</b>
Commitments and contingencies		
<b>Net Assets</b>		
Preferred stock, \$0.01 par value; 100,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 400,000,000 shares authorized, 65,009,606 and 60,336,281 shares issued, respectively; and 64,920,526 and 60,247,201 shares outstanding, respectively	650	603
Additional paid-in capital	985,541	906,521
Treasury stock at cost; 89,080 and 89,080 shares held, respectively	(1,359)	(1,359)
Undistributed net investment income	72,068	61,790
Net unrealized gains	12,944	6,718
Undistributed net realized losses	(7,802)	(4,989)
<b>Total Net Assets</b>	<b>1,062,042</b>	<b>969,284</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,978,479</b>	<b>\$ 1,720,238</b>
<b>Net Asset Value Per Share</b>	<b>\$ 16.36</b>	<b>\$ 16.09</b>

TPG Specialty Lending, Inc.  
Consolidated Statements of Operations  
(Amounts in thousands, except share and per share amounts)  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>Income</b>				
Investment income from non-controlled, non-affiliated investments:				
Interest from investments	\$ 58,640	\$ 54,900	\$ 106,607	\$ 102,670
Dividend income	—	—	196	—
Other income	3,035	2,353	8,854	4,479
Total investment income from non-controlled, non-affiliated investments	61,675	57,253	115,657	107,149
Investment income from non-controlled, affiliated investments:				
Interest from investments	375	—	375	—
Other income	216	—	216	—
Total investment income from non-controlled, affiliated investments	591	—	591	—
Investment income from controlled, affiliated investments:				
Interest from investments	4,084	1,516	7,818	2,516
Other income	51	50	103	102
Total investment income from controlled, affiliated investments	4,135	1,566	7,921	2,618
<b>Total Investment Income</b>	<b>66,401</b>	<b>58,819</b>	<b>124,169</b>	<b>109,767</b>
<b>Expenses</b>				
Interest	11,161	7,655	20,231	14,520
Management fees	7,322	5,977	13,982	12,048
Incentive fees	7,700	7,197	14,309	13,247
Professional fees	1,621	1,771	3,732	3,057
Directors' fees	98	96	204	201
Other general and administrative	1,297	1,311	2,535	2,613
Total expenses	29,199	24,007	54,993	45,686
Management and incentive fees waived	—	—	(63)	—
<b>Net Expenses</b>	<b>29,199</b>	<b>24,007</b>	<b>54,930</b>	<b>45,686</b>
<b>Net Investment Income Before Income Taxes</b>	<b>37,202</b>	<b>34,812</b>	<b>69,239</b>	<b>64,081</b>
Income taxes, including excise taxes	900	880	1,750	1,630
<b>Net Investment Income</b>	<b>36,302</b>	<b>33,932</b>	<b>67,489</b>	<b>62,451</b>
<b>Unrealized and Realized Gains (Losses)</b>				
Net change in unrealized gains (losses):				
Non-controlled, non-affiliated investments	(5,274)	(3,845)	3,065	7,394
Non-controlled, affiliated investments	(9)	—	(9)	—
Controlled, affiliated investments	8,616	21,046	5,244	13,297
Translation of other assets and liabilities in foreign currencies	4,886	(2,864)	3,905	(8,657)
Interest rate swaps	(1,785)	2,133	(5,979)	2,287
Total net change in unrealized gains	6,434	16,470	6,226	14,321
Realized gains (losses):				
Non-controlled, non-affiliated investments	448	3,272	3,093	4,595
Non-controlled, affiliated investments	—	—	—	—
Controlled, affiliated investments	(9,589)	(21,776)	(9,589)	(21,776)
Foreign currency transactions	(26)	(72)	186	513
Total net realized losses	(9,167)	(18,576)	(6,310)	(16,668)
<b>Total Unrealized and Realized Gains (Losses)</b>	<b>(2,733)</b>	<b>(2,106)</b>	<b>(84)</b>	<b>(2,347)</b>
<b>Increase in Net Assets Resulting from Operations</b>	<b>\$ 33,569</b>	<b>\$ 31,826</b>	<b>\$ 67,405</b>	<b>\$ 60,104</b>
Earnings per common share—basic and diluted	\$ 0.52	\$ 0.53	\$ 1.07	\$ 1.00
Weighted average shares of common stock outstanding—basic and diluted	64,758,752	59,912,804	62,810,429	59,855,088



The Company's investment activity for the three months ended June 30, 2018 and 2017 is presented below (information presented herein is at par value unless otherwise indicated).

(\$ in millions)	Three Months Ended	
	June 30, 2018	June 30, 2017
<b>New investment commitments:</b>		
Gross originations	\$ 944.4	\$ 397.7
Less: Syndications/sell downs	679.3	130.0
Total new investment commitments	\$ 265.1	\$ 267.7
<b>Principal amount of investments funded:</b>		
First-lien	\$ 215.5	\$ 233.0
Second-lien	—	—
Mezzanine and unsecured	—	—
Equity and other	6.1	13.5
Total	\$ 221.6	\$ 246.5
<b>Principal amount of investments sold or repaid:</b>		
First-lien	\$ 180.7	\$ 270.3
Second-lien	—	—
Mezzanine and unsecured	—	—
Equity and other	2.2	0.4
Total	\$ 182.9	\$ 270.7
<b>Number of new investment commitments in new portfolio companies</b>	4	5
<b>Average new investment commitment amount in new portfolio companies</b>	\$ 56.8	\$ 43.7
<b>Weighted average term for new investment commitments in new portfolio companies (in years)</b>	4.6	4.9
<b>Percentage of new debt investment commitments at floating rates</b>	100.0%	100.0%
<b>Percentage of new debt investment commitments at fixed rates</b>	—	—
<b>Weighted average interest rate of new investment commitments</b>	10.6%	11.2%
<b>Weighted average spread over LIBOR of new floating rate investment commitments</b>	8.4%	9.9%
<b>Weighted average interest rate on investments sold or paid down</b>	9.5%	9.7%



## **About TPG Specialty Lending, Inc.**

TSLX is a specialty finance company focused on lending to middle-market companies. The Company seeks to generate current income primarily in U.S.-domiciled middle-market companies through direct originations of senior secured loans and, to a lesser extent, originations of mezzanine and unsecured loans and investments in corporate bonds and equity securities. The Company has elected to be regulated as a business development company, or a BDC, under the Investment Company Act of 1940 and the rules and regulations promulgated thereunder. TSLX is externally managed by TSL Advisers, LLC, a Securities and Exchange Commission (“SEC”) registered investment adviser. TSLX leverages the deep investment, sector, and operating resources of TPG Sixth Street Partners, the dedicated special situations and credit platform of TPG, with approximately \$24 billion of assets under management as of March 31, 2018, and the broader TPG platform, a global private investment firm with over \$84 billion of assets under management as of March 31, 2018. For more information, visit the Company’s website at [www.tpgspecialtylending.com](http://www.tpgspecialtylending.com).

## **Forward-Looking Statements**

Statements included herein may constitute “forward-looking statements,” which relate to future events or the Company’s future performance or financial condition. These statements are not guarantees of future performance, conditions or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in the Company’s filings with the Securities and Exchange Commission. The Company assumes no obligation to update any such forward-looking statements. TSLX undertakes no duty to update any forward-looking statements made herein.

## **Important Information For Stockholders**

In connection with the proposal to reduce the Company’s minimum asset coverage ratio to 150%, the Company intends to file a preliminary proxy statement and an accompanying proxy card with the SEC. The information contained in the preliminary proxy statement will not be complete and may be changed. The Company will also file with the SEC a definitive version of the proxy statement and accompanying proxy card that will be sent or provided to stockholders when available. The Company advises its stockholders and other interested persons to read the proxy statement and other proxy materials as they become available because they will contain important information. The proxy materials will become available at no charge on the SEC’s website at <http://www.sec.gov> and on the Company’s website at <http://www.tpgspecialtylending.com>. In addition, the Company will provide copies of the proxy statement without charge upon request at the contact information below.

Source: TPG Specialty Lending, Inc.

### **Investors:**

Lucy Lu  
212-601-4753  
[IRTSL@tpg.com](mailto:IRTSL@tpg.com)

### **Media:**

Luke Barrett  
212-601-4752  
[lbarrett@tpg.com](mailto:lbarrett@tpg.com)

or

Abernathy MacGregor  
Patrick Clifford  
[pfc@abmac.com](mailto:pfc@abmac.com)

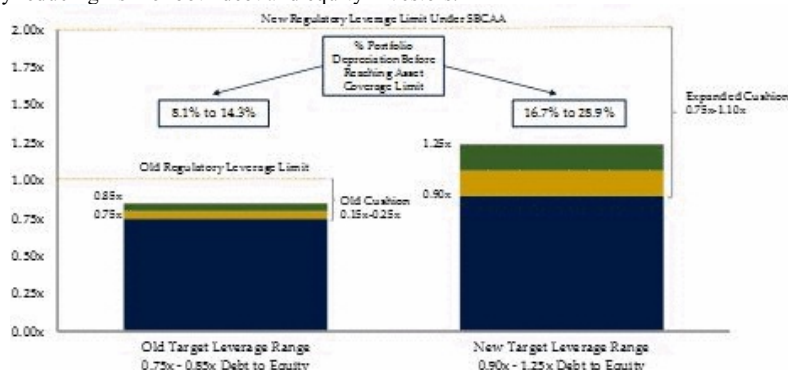


August 1, 2018

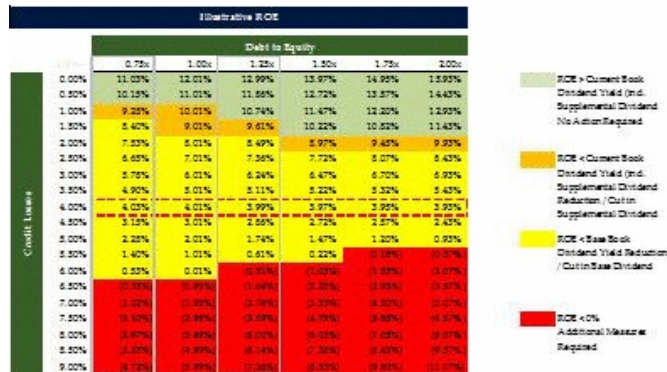
To Our Stakeholders,

As you may have read through our earnings release this afternoon, earlier today, our Board approved the reduction of the Company’s minimum asset coverage ratio to 150% as permitted under Section 61(a)(2) of the Investment Company Act of 1940, as amended by the Small Business Credit Availability Act (“SBCAA”), and unanimously recommended that TSLX shareholders approve a proposal to be presented at a special meeting of stockholders, which would allow the lower asset coverage requirement to apply immediately following stockholder approval. Upon the effectiveness of the lower minimum asset coverage ratio requirement, the Company is adopting a new financial policy of 0.90x to 1.25x target leverage range (versus the current target range of 0.75x-0.85x). In conjunction with the change in asset coverage, TSL Advisers, LLC (“the Adviser”) will implement a base management fee waiver of 50 basis points on the portion of assets financed with greater than 1.0x leverage. In their review process, our Board’s considerations included, but were not limited, to the following:

- **Regulatory Relief:** Increased cushion related to the regulatory minimum asset coverage ratio. We believe by adopting the lower minimum asset coverage ratio requirement in combination with overlaying our new financial policy of 0.90x to 1.25x target leverage, we increase our regulatory cushion significantly, thereby reducing risk for both debt and equity investors.



- **Trade-off Between Increasing the Fundamental Earnings Power of the Business and the Risks Associated With Greater Leverage:** We believe that operating at the top end of our financial policy adds approximately 150-250 basis points of additional ROEs over time. Our analysis shows that additional leverage is accretive to ROEs up to approximately 4.00% annual credit losses in any given year. In addition, operating at the top end of our financial policy provides incremental cushion to our current base dividend level as annual credit losses would have to increase by 50% (compared to operating at 0.75x leverage) before we would need to reduce our current base dividend.



Note: Assumes an all-in yield on assets of 11.9%, operating expense on assets of 0.6%, cost of debt of 5.05%, and no fee waivers.

- **Maintaining our Investment Grade Credit Ratings:** believe at our new financial policy of 0.90x to 1.25x target leverage, we will be able to maintain all of our current investment grade credit ratings. We believe that having investment grade ratings is a competitive advantage and is helpful, but not necessary, in our ability to attract necessary capital. Specifically as it relates to our bondholders, based on trailing twelve month June 30, 2018 information, interest coverage would continue to remain robust under our new financial policy at approximately 3.0x at 1.25x leverage, compared to 4.0x interest coverage at 0.75x leverage.

As we’ve shared before, our general viewpoint is that regulatory relief available through the SBCAA is in itself a positive for shareholders and creditors in the sector as it removes the most significant existential risk that a BDC structure faces—the risk that broader market events and individual portfolio company specific credit issues puts downward pressure on the fair value of investments that could, at worst, result in a breach of statutory asset coverage requirements. Such a breach could severely limit the ability for a BDC to operate, constraining further borrowings and therefore the ability to pay distributions to shareholders and interest to lenders. That being said, we believe the potential application for leverage changes would provide a great opportunity for a select few BDCs in the sector, but could create meaningful incremental risk for most of the sector’s shareholders given the median returns on equity that have been generated have been below the sector’s cost of equity.

In assessing our financial policy in light of this regulatory change, we incorporated feedback from our stakeholders, including our shareholders, noteholders, lending partners, and ratings agencies, and overlaid it with our philosophies on capital preservation, capital allocation and risk management. Ultimately, we reached the conclusion that accessing regulatory relief, with a modest change in our financial policy and a continuation of our rigorous risk management framework, would be in the best long-term interest of our stakeholders. We have no plans to make significant changes to our business plan outside of our financial policy. We plan to continue focusing on directly originated, first lien senior secured investments with attractive risk-adjusted returns. Our current thinking with incremental leverage capacity is to grow assets organically over time when the market opportunity set permits and further enhance the diversification profile of our portfolio.

We believe we have the right principles and risk management framework to protect our stakeholder’s capital and create long-term value for our stakeholders. More importantly, we believe we have the right human capital, as demonstrated by our investment track record, to utilize our incremental leverage capacity to the benefit of our stakeholders. On the risk management side, we have newly established a risk management committee to assist our Board in its oversight of the company’s overall risk tolerance and policies.



We look forward to discussing this topic on our second quarter 2018 earnings call tomorrow morning (August 2, 2018) at 8:30 am EDT. We encourage those who are interested to visit the Investor Resources section of the TSLX website for details on the conference call and webcast.

Please feel free to reach out with any questions. We're happy to discuss live over the phone.

Sincerely,

Josh, Ian, Bo, Lucy and the TSLX Team

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**ForwardLooking Statements**

Statements included herein may constitute “forward-looking statements,” which relate to future events or the Company’s future performance or financial condition. These statements include, but are not limited to, statements regarding the proposal to reduce the Company’s minimum asset coverage ratio to 150% and the special meeting and statements regarding management’s plans, upon the effectiveness of a lower asset coverage requirement, with respect to the Company’s financial policy, dividend policy, investment strategy, target debt-to-equity range, returns on equity, credit ratings and interest coverage. These statements are not guarantees of future performance, conditions or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in the Company’s filings with the Securities and Exchange Commission. The Company assumes no obligation to update any such forward-looking statements. The Company undertakes no duty to update any forward-looking statements made herein.

**Important Information For Stockholders**

In connection with the proposal to reduce the Company’s minimum asset coverage ratio to 150%, the Company intends to file a preliminary proxy statement and an accompanying proxy card with the SEC. The information contained in the preliminary proxy statement will not be complete and may be changed. The Company will also file with the SEC a definitive version of the proxy statement and accompanying proxy card that will be sent or provided to stockholders when available. The Company advises its stockholders and other interested persons to read the proxy statement and other proxy materials as they become available because they will contain important information. The proxy materials will become available at no charge on the SEC’s website at <http://www.sec.gov> and on the Company’s website at <http://www.tpgspecialtylending.com>. In addition, the Company will provide copies of the proxy statement without charge upon request.