

Main Street Capital CORP  
Form 10-Q  
May 08, 2015

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2015**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from:** \_\_\_\_\_ **to**  
**Commission File Number: 001-33723**

**Main Street Capital Corporation**

(Exact name of registrant as specified in its charter)

**Maryland**  
(State or other jurisdiction of  
incorporation or organization)

**41-2230745**  
(I.R.S. Employer  
Identification No.)

**1300 Post Oak Boulevard, Suite 800  
Houston, TX**

(Address of principal executive offices)

**77056**  
(Zip Code)

**(713) 350-6000**

(Registrant's telephone number including area code)

**n/a**

(Former name, former address and former fiscal year, if changed since last report)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

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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 (§232.405 of this chapter) 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, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" 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 outstanding of the issuer's common stock as of May 7, 2015 was 49,845,284.

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	<b>March 31, 2015</b>	<b>December 31, 2014</b>
	<b>(Unaudited)</b>	
<b>ASSETS</b>		
Portfolio investments at fair value:		
Control investments (cost: \$349,766 and \$342,847 as of March 31, 2015 and December 31, 2014, respectively)	\$ 489,328	\$ 469,846
Affiliate investments (cost: \$267,123 and \$266,243 as of March 31, 2015 and December 31, 2014, respectively)	279,986	278,675
Non-Control/Non-Affiliate investments (cost: \$983,942 and \$832,312 as of March 31, 2015 and December 31, 2014, respectively)	968,009	814,809
Total portfolio investments (cost: \$1,600,831 and \$1,441,402 as of March 31, 2015 and December 31, 2014, respectively)	1,737,323	1,563,330
Marketable securities and idle funds investments (cost: \$11,235 and \$10,604 as of March 31, 2015 and December 31, 2014, respectively)	9,948	9,067
Total investments (cost: \$1,612,066 and \$1,452,006 as of March 31, 2015 and December 31, 2014, respectively)	1,747,271	1,572,397
Cash and cash equivalents	22,015	60,432
Interest receivable and other assets	25,009	23,273
Receivable for securities sold	22,749	23,133
Deferred financing costs (net of accumulated amortization of \$8,449 and \$6,462 as of March 31, 2015 and December 31, 2014, respectively)	13,925	14,550
Total assets	\$ 1,830,969	\$ 1,693,785
<b>LIABILITIES</b>		
Credit facility	\$ 164,000	\$ 218,000
SBIC debentures (par: \$225,000 as of March 31, 2015 and December 31, 2014, par of \$75,200 is recorded at a fair value of \$73,674 and \$72,981 as of March 31, 2015 and December 31, 2014, respectively)	223,474	222,781
4.50% Notes	175,000	175,000
6.125% Notes	90,810	90,823
Payable for securities purchased	67,270	14,773
Deferred tax liability, net	8,546	9,214
Dividend payable	8,674	7,663
Accounts payable and other liabilities	3,693	10,701
Interest payable	5,609	4,848
Total liabilities	747,076	753,803
Commitments and contingencies (Note M)		
<b>NET ASSETS</b>		
Common stock, \$0.01 par value per share (150,000,000 shares authorized; 49,564,361 and 45,079,150 shares issued and outstanding as of March 31, 2015 and December 31, 2014, respectively)	496	451
Additional paid-in capital	986,069	853,606
Accumulated net investment income, net of cumulative dividends of \$317,810 and \$293,789 as of March 31, 2015 and December 31, 2014, respectively	23,135	23,665
Accumulated net realized gain from investments (accumulated net realized gain from investments of \$38,201 before cumulative dividends of \$62,897 as of March 31, 2015 and accumulated net realized gain from investments of \$40,321 before cumulative dividends of \$60,777 as of December 31, 2014)	(22,576)	(20,456)

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Net unrealized appreciation, net of income taxes	96,769	82,716
Total net assets	1,083,893	939,982
Total liabilities and net assets	\$ 1,830,969	\$ 1,693,785
<b>NET ASSET VALUE PER SHARE</b>	\$ 21.87	\$ 20.85

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Operations****(in thousands, except per share amounts)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>INVESTMENT INCOME:</b>		
Interest, fee and dividend income:		
Control investments	\$ 11,335	\$ 9,296
Affiliate investments	6,049	5,640
Non-Control/Non-Affiliate investments	19,421	15,633
Interest, fee and dividend income	36,805	30,569
Interest, fee and dividend income from marketable securities and idle funds	374	207
Total investment income	37,179	30,776
<b>EXPENSES:</b>		
Interest	(7,796)	(5,286)
Compensation	(3,494)	(2,351)
General and administrative	(1,962)	(1,838)
Share-based compensation	(1,263)	(853)
Expenses charged to the External Investment Manager	827	291
Total expenses	(13,688)	(10,037)
<b>NET INVESTMENT INCOME</b>	<b>23,491</b>	<b>20,739</b>
<b>NET REALIZED GAIN (LOSS):</b>		
Non-Control/Non-Affiliate investments	(2,008)	1,433
Marketable securities and idle funds investments	(112)	10
Total net realized gain (loss)	(2,120)	1,443
<b>NET REALIZED INCOME</b>	<b>21,371</b>	<b>22,182</b>
<b>NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION):</b>		
Portfolio investments	14,204	6,857
Marketable securities and idle funds investments	251	1,049
SBIC debentures	(693)	(1,189)
Total net change in unrealized appreciation	13,762	6,717
<b>INCOME TAXES:</b>		
Federal and state income, excise and other taxes	(376)	(667)
Deferred taxes	667	(998)
Income tax benefit (provision)	291	(1,665)
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b>\$ 35,424</b>	<b>\$ 27,234</b>
<b>NET INVESTMENT INCOME PER SHARE BASIC AND DILUTED</b>	<b>\$ 0.51</b>	<b>\$ 0.52</b>

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<b>NET REALIZED INCOME PER SHARE BASIC AND DILUTED</b>	\$	0.46	\$	0.56
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER SHARE BASIC AND DILUTED</b>	\$	0.77	\$	0.68
<b>DIVIDENDS PAID PER SHARE:</b>				
Regular monthly dividends	\$	0.510	\$	0.500
Supplemental dividends				
Total dividends	\$	0.510	\$	0.500
<b>WEIGHTED AVERAGE SHARES OUTSTANDING BASIC AND DILUTED</b>		46,080,204		39,898,573

The accompanying notes are an integral part of these financial statements

Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Changes in Net Assets**

(in thousands, except shares)

(Unaudited)

	Common Stock			Accumulated Net Investment Income, Net of Dividends	Accumulated Net Realized Gain From Investments, Net of Dividends	Net Unrealized Appreciation from Investments, Net of Income Taxes	Total Net Asset Value
	Number of Shares	Par Value	Additional Paid-In Capital				
<b>Balances at December 31, 2013</b>	39,852,604	\$ 398	\$ 694,981	\$ 22,778	\$ (26,334)	\$ 100,710	\$ 792,533
Share-based compensation			853				853
Purchase of vested stock for employee payroll tax withholding	(1,181)		(40)				(40)
Dividend reinvestment	93,328	1	3,225				3,226
Amortization of directors' deferred compensation			68				68
Issuance of restricted stock	397						
Tax benefit related to vesting of restricted shares			290				290
Dividends to stockholders				(19,757)			(19,757)
Net increase resulting from operations				20,739	1,443	5,052	27,234
<b>Balances at March 31, 2014</b>	39,945,148	\$ 399	\$ 699,377	\$ 23,760	\$ (24,891)	\$ 105,762	\$ 804,407
<b>Balances at December 31, 2014</b>	45,079,150	\$ 451	\$ 853,606	\$ 23,665	\$ (20,456)	\$ 82,716	\$ 939,982
Public offering of common stock, net of offering costs	4,370,000	44	127,720				127,764
Share-based compensation			1,263				1,263
Purchase of vested stock for employee payroll tax withholding	(1,802)		(53)				(53)
Dividend reinvestment	116,330	1	3,464				3,465
Amortization of directors' deferred compensation			69				69
Issuance of restricted stock	683						
Dividends to stockholders				(24,021)			(24,021)
Net increase (loss) resulting from operations				23,491	(2,120)	14,053	35,424
<b>Balances at March 31, 2015</b>	49,564,361	\$ 496	\$ 986,069	\$ 23,135	\$ (22,576)	\$ 96,769	\$ 1,083,893

The accompanying notes are an integral part of these financial statements



Table of Contents**MAIN STREET CAPITAL CORPORATION****Consolidated Statements of Cash Flows****(in thousands)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net increase in net assets resulting from operations	\$ 35,424	\$ 27,234
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Investments in portfolio companies	(256,046)	(146,896)
Proceeds from sales and repayments of debt investments in portfolio companies	143,122	119,069
Proceeds from sales and return of capital of equity investments in portfolio companies	5,952	393
Investments in marketable securities and idle funds investments	(2,047)	(2,105)
Proceeds from sales and repayments of marketable securities and idle funds investments	1,304	5,207
Net change in unrealized appreciation	(13,762)	(6,717)
Net realized (gain) loss	2,120	(1,443)
Accretion of unearned income	(2,018)	(2,611)
Payment-in-kind interest	(806)	(1,655)
Cumulative dividends	(376)	(369)
Share-based compensation expense	1,263	853
Amortization of deferred financing costs	629	380
Deferred taxes	(291)	998
Changes in other assets and liabilities:		
Interest receivable and other assets	(746)	(2,557)
Interest payable	761	(390)
Accounts payable and other liabilities	(7,729)	(6,258)
Deferred fees and other	627	133
Net cash used in operating activities	(92,619)	(16,734)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from public offering of common stock, net of offering costs	127,764	
Dividends paid	(19,545)	(16,516)
Proceeds from issuance of SBIC debentures		24,800
Proceeds from credit facility	156,000	46,000
Repayments on credit facility	(210,000)	(47,000)
Payment of deferred loan costs and SBIC debenture fees	(4)	(849)
Other	(13)	(40)
Net cash provided by financing activities	54,202	6,395
Net decrease in cash and cash equivalents	(38,417)	(10,339)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>60,432</b>	<b>34,701</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 22,015</b>	<b>\$ 24,362</b>

**Supplemental cash flow disclosures:**

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Interest paid	\$	6,406	\$	5,296
Taxes paid	\$	1,934	\$	2,657
<b>Non-cash financing activities:</b>				
Shares issued pursuant to the DRIP	\$	3,465	\$	3,226

The accompanying notes are an integral part of these financial statements

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**March 31, 2015**

**(in thousands)**

**(Unaudited)**

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Control Investments(5)</u></b>					
ASC Interests, LLC	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	2,925	2,882	2,925
		Member Units (1,500 units)(8)		1,500	2,140
				4,382	5,065
Bond-Coat, Inc.	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	11,596	11,498	11,596
		Common Stock (57,508 shares)		6,350	10,210
				17,848	21,806
Café Brazil, LLC	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,980
California Healthcare Medical Billing, Inc.	Outsourced Billing and Revenue Cycle Management	9% Secured Debt (Maturity October 17, 2016)	8,612	8,495	8,612
		Warrants (466,947 equivalent shares)		1,193	3,480
		Common Stock (207,789 shares)		1,177	1,460
				10,865	13,552
CBT Nuggets, LLC	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	29,950
Ceres Management, LLC (Lambs Tire & Automotive)	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity May 31, 2018)	3,827	3,827	3,827
		Class B Member Units (12% cumulative)(8)		4,170	4,170
		Member Units (5,460 units)		5,273	2,630
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	955	955	955
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240

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			14,850	12,822
<b>CMS Minerals LLC</b>	Oil & Gas Exploration & Production	Preferred Member Units (458,461 units)(8)	3,725	3,725

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Datacom, LLC	Technology and Telecommunications Provider	10.5% Secured Debt (Maturity May 31, 2019)	11,205	11,108	11,108
		Preferred Member Units (6,453 units)		6,030	6,030
				17,138	17,138
Garreco, LLC	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,400	5,325	5,325
		Member Units (1,200 units)(8)		1,200	1,470
				6,525	6,795
GRT Rubber Technologies LLC	Engineered Rubber Product Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,750	16,591	16,591
		Member Units (5,879 units)(8)		13,065	13,065
				29,656	29,656
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	744	744	744
		Member Units (438 units)(8)		2,980	16,540
				3,724	17,284
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators	12% Secured Debt (Maturity June 4, 2015)	5,010	4,974	5,010
		Preferred Stock (8% cumulative)(8)		1,286	1,286
		Common Stock (107,456 shares)		718	2,020
				6,978	8,316
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing				

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Member Units (500 units)(8)	589	580
Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)	1,215	2,220
	1,804	2,800

<b>Hydratec, Inc.</b>	Designer and Installer of Micro-Irrigation Systems		
	Common Stock (7,095 shares)(8)	7,095	13,720

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
IDX Broker, LLC	Provider of Marketing and CRM Tools for the Real Estate Industry	LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity November 18, 2018)(9)	125	125	125
		12.5% Secured Debt (Maturity November 18, 2018)	11,350	11,267	11,350
		Member Units (5,400 units)		5,606	6,027
				16,998	17,502
Impact Telecom, Inc.	Telecommunications Services Provider	LIBOR Plus 6.50% (Floor 2.00%), Current Coupon 8.50%, Secured Debt (Maturity May 31, 2018)(9)	1,575	1,570	1,570
		13% Secured Debt (Maturity May 31, 2018)	22,500	15,698	15,698
		Warrants (5,516,667 equivalent shares)		8,000	4,160
				25,268	21,428
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2016)	3,100	3,100	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,229	5,640
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store	Prime Plus 6.75% (Floor 2.00%), Current Coupon 10.00%, Secured Debt (Maturity November 14, 2016)(9)	4,505	4,452	4,505
		Member Units (627 units)(8)		811	3,580
				5,263	8,085
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2015)	1,514	1,514	1,514
		Preferred Equity (non-voting)		434	434
		Warrants (71 equivalent units)		54	40
		Member Units (700 units)(8)		100	420
				2,102	2,408

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<b>Marine Shelters Holdings, LLC (LoneStar Marine Shelters)</b>	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity December 28, 2017) Preferred Member Units (2,669 units)	10,250	10,122 3,750	10,122 3,750
				13,872	13,872



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750
		12% Secured Debt (Maturity December 18, 2017)	3,900	3,900	3,900
		Member Units (2,829 units)(8)		1,244	7,550
		9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025)	915	915	915
		Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)		250	550
					8,059
MSC Adviser I, LLC(16)	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			24,840
Mystic Logistics, Inc	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019)	10,000	9,799	10,000
		Common Stock (5,873 shares)		2,720	6,160
				12,519	16,160
NAPCO Precast, LLC	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity September 1, 2015)(9)	625	619	625
		Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9)	2,923	2,917	2,923
		18% Secured Debt (Maturity February 1, 2016)	4,468	4,446	4,468
		Member Units (2,955 units)(8)		2,975	7,820
			10,957	15,836	
NRI Clinical Research, LLC	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2017)	4,771	4,676	4,676
		Warrants (251,723 equivalent units)		252	160
		Member Units (671,233 units)		671	722

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			5,599	5,558
<b>NRP Jones, LLC</b>	<b>Manufacturer of Hoses, Fittings and Assemblies</b>			
		12% Secured Debt (Maturity December 22, 2016)	13,400	12,933
		Warrants (14,331 equivalent units)		817
		Member Units (50,877 units)(8)		2,900
			16,650	16,473

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
OMi Holdings, Inc.	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,420
Pegasus Research Group, LLC (Televerde)	Provider of Telemarketing and Data Services	Member Units (460 units)(8)		1,290	6,490
PPL RVs, Inc.	Recreational Vehicle Dealer	11.1% Secured Debt (Maturity June 10, 2015)	9,960	9,954	9,960
		Common Stock (1,962 shares)		2,150	8,430
				12,104	18,390
Principle Environmental, LLC	Noise Abatement Service Provider	12% Secured Debt (Maturity April 30, 2017)	4,060	3,866	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,261	3,247	3,261
		Preferred Member Units (19,631 units)		4,663	9,560
		Warrants (1,036 equivalent units)		1,200	530
				12,976	17,411
River Aggregates, LLC	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity June 30, 2018)	750	509	509
		12% Secured Debt (Maturity June 30, 2018)	500	500	500
		Member Units (1,150 units)(8)		1,150	3,190
		Member Units (RA Properties, LLC) (1,500 units)		369	430
				2,528	4,629
SoftTouch Medical Holdings LLC	Home Provider of Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,500	8,421	8,421
		Member Units (4,526 units)		5,015	5,015
				13,436	13,436

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**Southern RV, LLC**

Recreational Vehicle  
Dealer

13% Secured Debt (Maturity August 8, 2018)	11,400	11,273	11,400
Member Units (1,680 units)(8)		1,680	5,810
13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,214	3,250
Member Units (Southern RV Real Estate, LLC) (480 units)		480	540
		16,647	21,000

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
The MPI Group, LLC	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 2, 2018)	2,724	2,724	2,724
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	980
		Warrants (1,424 equivalent units)		1,096	
		Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)		2,300	2,230
					8,620
Travis Acquisition LLC	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	4,578	4,510	4,578
		Member Units (7,282 units)		7,100	13,650
				11,610	18,228
Uvalco Supply, LLC	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019)	1,659	1,659	1,659
		Member Units (1,006 units)(8)		1,113	3,350
				2,772	5,009
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,204	3,174	3,174
		Series A Preferred Stock (3,000,000 shares)		3,000	3,550
		Common Stock (1,126,242 shares)		3,706	210
				9,880	6,934
Ziegler's NYPD, LLC	Casual Restaurant Group	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity October 1, 2018)(9)	1,500	1,491	1,491
		9% Current / 9% PIK Secured Debt (Maturity October 1, 2018)	5,509	5,509	4,880
		Warrants (587 equivalent units)		600	
		Member units (480 units)		75	
				7,675	6,371

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<b>Subtotal Control Investments (28.0% of total investments at fair value)</b>	349,766	489,328
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Affiliate Investments(6)</u></b>					
AFG Capital Group, LLC	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt (Maturity November 7, 2019)	11,760	11,376	11,376
		Warrants (42 equivalent units)		259	259
		Member Units (186 units)		1,200	1,200
				12,835	12,835
Boss Industries, LLC	Manufacturer and Distributor of Air Compressors, Auxiliary Power Units, Gas Booster Systems and Vapor Recovery Systems	Preferred Member Units (2,242 units)(8)		2,000	2,000
Bridge Capital Solutions Corporation	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	6,000	5,852	5,852
		Warrants (19 equivalent shares)		200	860
				6,052	6,712
Brightwood Capital Fund III, LP(12)(13)	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 2.3%)(8)		4,524	4,524
CAI Software LLC	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	5,400	5,350	5,350
		Member Units (65,356 units)		654	654
				6,004	6,004
Condit Exhibits, LLC	Tradeshaw Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	610

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**Congruent Credit Opportunities  
Funds(12)(13)**

Investment Partnership

LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted 19.8%)(8)	17,169	16,879
LP Interests (Congruent Credit Opportunities Fund III, LP) (Fully diluted 17.4%)(8)	9,450	9,450
	26,619	26,329



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Daseke, Inc.	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)	20,853	20,548	20,853
		Common Stock (19,467 shares)		5,213	17,460
				25,761	38,313
Dos Rios Partners(12)(13)	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)(8)		2,325	2,325
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)(8)		738	738
				3,063	3,063
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products	Common Stock (5,000 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers	12% Secured Debt (Maturity October 17, 2019)	9,600	9,442	9,442
		Warrants (1,823,278 equivalent units)		50	50
				9,492	9,492
Freeport Financial SBIC Fund LP(12)(13)	Investment Partnership	LP Interests (Fully diluted 9.9%)(8)		5,140	5,140
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets	10% Secured Debt (Maturity November 21, 2016)	13,046	12,784	10,818
		Warrants (29,025 equivalent units)		400	
				13,184	10,818
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services	8% Secured Debt (Maturity October 18, 2018)	400	396	396
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,914	8,914

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		Common Stock (7,711,517 shares)	3,958	6,830
			13,268	16,140
<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company	11% Secured Debt (Maturity August 13, 2019)	11,200	11,051
		Common Stock (170,577 shares)		2,400
			13,451	13,451

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	Member Units (248,082 units)(8)		996	11,470
<b>Indianhead Pipeline Services, LLC</b>	Provider of Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017)	6,675	6,432	6,432
		Preferred Member Units (28,905 units; 8% cumulative)(8)		2,013	2,013
		Warrants (38,193 equivalent units)		459	
		Member Units (14,732 units)		1	
				8,905	8,445
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information Technology Services	Member Units (128 units)(8)		624	4,010
<b>KBK Industries, LLC</b>	Specialty Manufacturer of Oilfield and Industrial Products	12.5% Secured Debt (Maturity September 28, 2017)	7,950	7,904	7,950
		Member Units (250 units)(8)		341	4,880
				8,245	12,830
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,000,000 units)(8)		2,019	2,374
<b>MPS Denver, LLC</b>	Specialty Card Printing	Member Units (13,800 units)		1,130	1,130
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity May 31, 2015)	3,658	3,658	3,658
		Preferred Stock (912 shares; 7% cumulative)(8)		1,981	2,734
		Warrants (5,333 equivalent shares)		1,919	
				7,558	6,392
<b>OPI International Ltd.(13)</b>					

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Provider of Man Camp  
and Industrial Storage  
Services

Common Stock (20,766,317 shares) 1,371 3,200

**PCI Holding Company, Inc.**

Manufacturer of  
Industrial Gas  
Generating Systems

Preferred Stock (1,500,000 shares; 20%  
cumulative)(8) 2,374 4,970

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Quality Lease and Rental Holdings, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services	8% Secured Debt (Maturity October 1, 2014)(14)(18)	157	157	157
		8% Secured Debt (Maturity June 15, 2015)(14)(18)	150	150	150
		12% Secured Debt (Maturity January 8, 2018)(14)(18)	36,577	36,073	11,000
		Preferred Member Units (Rocacia, LLC) (250 units)		2,500	
				38,880	11,307
Radial Drilling Services Inc.	Oil and Gas Technology Provider	12% Secured Debt (Maturity November 22, 2016)	4,200	3,838	2,870
		Warrants (316 equivalent shares)		758	
				4,596	2,870
Samba Holdings, Inc.	Provider of Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	26,304	26,102	26,304
		Common Stock (170,963 shares)		2,087	8,130
				28,189	34,434
SYNEO, LLC	Manufacturer of Automation Machines, Specialty Cutting Tools and Punches	12% Secured Debt (Maturity July 13, 2016)	2,700	2,678	2,678
		10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026)	1,440	1,415	1,415
				4,093	4,093
Tin Roof Acquisition Company	Casual Restaurant Group	12% Secured Debt (Maturity November 30, 2018)	14,100	13,873	13,873
				2,297	2,297

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Class C Preferred Stock (Fully diluted  
10.0%; 10% cumulative)(8)

16,170 16,170

**Subtotal Affiliate Investments (16.0% of total investments at fair value)**

267,123 279,986

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	10,150	10,079	10,188
AM General LLC(11)	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,256	2,211	2,087
AM3 Pinnacle Corporation(10)	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	10% Secured Debt (Maturity October 22, 2018) Common Stock (60,240 shares)	21,002	20,870 2,000	20,870 20,870
AmeriTech College, LLC	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity November 30, 2019) 10% Secured Debt (Maturity January 31, 2020)	685 4,235	685 4,235	685 3,700
				4,920	4,385
AMF Bowling Centers, Inc.(11)	Bowling Alley Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity September 18, 2021)(9)	7,971	7,855	7,938
Anchor Hocking, LLC(11)	Household Products Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75% / 1.75% PIK, Current Coupon Plus PIK 9.50%, Secured Debt (Maturity May 21, 2020)(9)	10,964	10,892	5,852
AP Gaming I, LLC(10)	Developer, Manufacturer, and Operator of Gaming				

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Machines

LIBOR Plus 8.25% (Floor 1.00%),  
Current Coupon 9.25%, Secured Debt  
(Maturity December 20, 2020)(9)

6,913

6,733

6,910

15

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Applied Products, Inc.(10)	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	6,161	6,098	6,098
Aptean, Inc.(11)	Enterprise Application Software Provider	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity February 26, 2020)(9)	7,688	7,619	7,553
Arcus Hunting LLC(10)	Deer Lures, Attractants and Scent Elimination Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity November 13, 2019)(9)	9,094	8,964	8,964
Artel, LLC(11)	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9)	7,988	7,844	7,668
ATS Workholding, Inc.(10)	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity March 10, 2019)(9)	6,563	6,513	6,513
Beers Enterprises, Inc.(10)	Provider of Broadcast Video Transport Services	Prime Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 19, 2019)(9)	6,484	6,434	6,484
Berry Aviation, Inc.(10)	Charter Airline Services	12.00% Current / 1.75% PIK Secured Debt (Maturity January 20, 2020) Common Stock (553 shares)	6,000	5,942 400	5,942 400
Bioventus LLC(10)	Production of Orthopedic Healing Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity April 10, 2020)(9)	5,000	4,907	5,000

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<b>Blackbrush Oil and Gas LP(11)</b>	Oil & Gas Exploration	LIBOR Plus 6.50%, (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,972	3,250
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Blackhawk Specialty Tools LLC(11)	Oilfield Equipment & Services	LIBOR Plus 5.25% (Floor 1.25%), Current Coupon 6.50%, Secured Debt (Maturity August 1, 2019)(9)	6,141	6,109	5,972
Blue Bird Body Company(11)	School Bus Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity June 26, 2020)(9)	11,356	11,204	11,370
Bluestem Brands, Inc.(11)	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	7,500	7,229	7,523
Brainworks Software, LLC(10)	Advertising Sales and Production and Newspaper Circulation Software	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity July 22, 2019)(9)	6,447	6,370	6,370
Brasa Holdings Inc.(11)	Upscale Full Service Restaurants	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 20, 2020)(9)	2,143	2,130	2,148
Brundage-Bone Concrete Pumping, Inc.(11)	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	2,500	2,500	2,588
Calloway Laboratories, Inc.(10)	Health Care Testing Facilities	12% PIK Secured Debt (Maturity September 30, 2015)(14) Warrants (125,000 equivalent shares)	7,287	7,238 17	2,948
				7,255	2,948
Cengage Learning Acquisitions, Inc.(11)	Provider of Educational Print and Digital Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 31, 2020)(9)	9,965	9,878	10,019

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**CGSC of Delaware Holdings  
Corp.(11)(13)**

Insurance Brokerage  
Firm

LIBOR Plus 7.00% (Floor 1.25%),  
Current Coupon 8.25%, Secured Debt  
(Maturity October 16, 2020)(9)

2,000

1,976

1,740

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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Charlotte Russe, Inc(11)</b>	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	8,925	8,803	8,742
<b>CHI Overhead Doors, Inc.(11)</b>	Manufacturer of Overhead Garage Doors	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity September 18, 2019)(9)	2,500	2,469	2,503
<b>CJ Holding Co.(11)</b>	Oil & Gas Equipment & Services	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity March 24, 2020)(9)	2,000	1,720	1,793
<b>Clarius ASIG, LLC(10)</b>	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity September 14, 2014)(17)	2,805	2,758	2,805
<b>Clarius BIGS, LLC(10)</b>	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity January 5, 2015)(14)(17)	4,400	4,321	1,848
<b>Compact Power Equipment, Inc.</b>	Equipment / Tool Rental	12% Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares)(8)	4,100	4,086 1,079	4,100 2,930
				5,165	7,030
<b>Compuware Corporation(11)</b>	Provider of Software and Supporting Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity December 15, 2019)(9)	15,000	14,593	14,681
<b>Covenant Surgical Partners, Inc.(11)</b>	Ambulatory Surgical Centers	8.75% Secured Debt (Maturity August 1, 2019)	2,000	2,000	2,010
<b>CRGT Inc.(11)</b>	Provider of Custom Software Development		11,925	11,678	11,716

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		LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)			
<b>CST Industries Inc.(11)</b>	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	6,954	6,902	6,884

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Darr Equipment LP(10)	Heavy Equipment Dealer	11.75% Current / 2% PIK Secured Debt (Maturity April 15, 2020)	20,393	19,799	19,799
		Warrants (915,734 equivalent units)		474	474
				20,273	20,273
Digital River, Inc.(11)	Provider of Outsourced e-Commerce	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 12, 2021)(9)	12,000	11,813	11,910
Digity Media LLC(11)	Radio Station Operator	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity February 8, 2019)(9)	7,359	7,292	7,304
Drilling Info, Inc.	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	9,920
ECP-PF Holdings Group, Inc.(10)	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,572	5,572
EnCap Energy Fund Investments(12)(13)	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,595	3,256
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.1%)(8)		2,110	1,874
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		2,323	2,146
		LP Interests (EnCap Flatrock Midstream Fund X, L.P.) (Fully diluted 0.3%)		478	478
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 0.8%)(8)		5,193	5,491
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.2%)		258	258
				13,957	13,503
Energy and Exploration Partners, LLC(11)	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity January 22, 2019)(9)	9,461	9,075	7,872





Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity April 28, 2022)(9)	7,000	6,824	6,619
<b>Extreme Reach, Inc.(11)</b>	Integrated TV and Video Advertising Platform	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity February 7, 2020)(9)	12,511	12,497	12,636
<b>FC Operating, LLC(10)</b>	Christian Specialty Retail Stores	LIBOR Plus 10.75% (Floor 1.25%), Current Coupon 12.00%, Secured Debt (Maturity November 14, 2017)(9)(14)(18)	5,400	5,335	3,223
<b>Flavors Holdings Inc.(11)</b>	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity April 3, 2020)(9)	11,786	11,395	11,448
<b>Fram Group Holdings, Inc.(11)</b>	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.00% (Floor 1.50%), Current Coupon 6.50%, Secured Debt (Maturity July 29, 2017)(9) LIBOR Plus 9.00% (Floor 1.50%), Current Coupon 10.50%, Secured Debt (Maturity January 29, 2018)(9)	5,745 700	5,739 698	5,743 685
				6,437	6,428
<b>GI KBS Merger Sub LLC(11)</b>	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29, 2021)(9) LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	2,993 800	2,985 785	2,985 800

3,770

3,785

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry	Prime Plus 5.25% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity August 15, 2019)(9)	9,522	9,417	9,522
Great Circle Family Foods, LLC(10)	Quick Service Restaurant Franchise	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity October 28, 2019)(9)	8,000	7,921	7,921
Grupo Hima San Pablo, Inc.(11)	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9) 13.75% Secured Debt (Maturity July 31, 2018)	4,900 2,000	4,838 1,929	4,758 1,926
				6,767	6,684
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	9,950	9,861	9,850
Guitar Center, Inc.(11)	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	9,000	8,541	7,852
Halcon Resources Corporation(11)(13)	Oil & Gas Exploration & Production	9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,349	4,882
Hostway Corporation(11)	Managed Services and Hosting Provider	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity December 13, 2019)(9) LIBOR Plus 8.75% (Floor 1.25%), Current Coupon 10.00%, Secured Debt (Maturity December 11, 2020)(9)	11,750 5,000	11,656 4,921	11,632 4,950
				16,577	16,582
Hunter Defense Technologies, Inc.(11)					

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Provider of Military and  
Commercial Shelters and  
Systems

LIBOR Plus 5.50% (Floor 1.00%),  
Current Coupon 6.50%, Secured Debt  
(Maturity August 5, 2019)(9)

9,875

9,787

9,900

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>ICON Health &amp; Fitness, Inc.(11)</b>	Producer of Fitness Products	11.875% Secured Debt (Maturity October 15, 2016)	6,956	6,866	6,869
<b>iEnergizer Limited(11)(13)</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	9,735	9,621	9,005
<b>Infinity Acquisition Finance Corp.(11)</b>	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,740
<b>Indivior Finance LLC(11)</b>	Specialty Pharmaceutical Company Treating Opioid Dependence	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 19, 2019)(9)	7,406	6,968	7,036
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,692	3,591
<b>Insurance Technologies, LLC(10)</b>	Illustration and Sales-automation platforms	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity December 1, 2019)(9)	5,000	4,946	4,946
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,962	9,771	9,489
<b>Jackson Hewitt Tax Service Inc.(11)</b>	Tax Preparation Service Provider	LIBOR Plus 8.50% (Floor 1.50%), Current Coupon 10.00%, Secured Debt (Maturity October 16, 2017)(9)	4,107	4,012	4,107
<b>Joerns Healthcare, LLC(11)</b>	Manufacturer and Distributor of Health Care Equipment &				

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Supplies

LIBOR Plus 5.00% (Floor 1.00%),  
Current Coupon 6.00%, Secured Debt  
(Maturity May 9, 2020)(9)  
22

11,915

11,799

11,821

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
John Deere Landscapes LLC(10)	Distributor of Landscaping Supplies	LIBOR Plus 4.00% (Floor 1.00%), Current Coupon 5.00%, Secured Debt (Maturity December 23, 2019)(9)	8,552	8,189	8,189
Kadmon Pharmaceuticals, LLC(10)	Biopharmaceutical Company with a Hepatology Focus	9.75% Secured Debt (Maturity December 17, 2016)	5,000	5,000	5,000
Keypoint Government Solutions, Inc.(11)	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	7,007	6,955	6,972
Lansing Trade Group LLC(11)	Commodity Merchandiser	9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,955
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity August 7, 2019)(9)	6,878	6,827	6,281
LKCM Distribution Holdings, L.P.	Distributor of Industrial Process Equipment	12% Current / 2.5% PIK Secured Debt (Maturity December 23, 2018)	16,417	16,285	16,417
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership	LP Interests (Fully diluted 2.3%)(8)		2,250	6,117
MAH Merger Corporation(11)	Sports-Themed Casual Dining Chain	LIBOR Plus 4.50% (Floor 1.25%), Current Coupon 5.75%, Secured Debt (Maturity July 19, 2019)(9)	4,802	4,763	4,814
MediMedia USA, Inc.(11)	Provider of Healthcare Media and Marketing	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9)	5,272	5,201	5,233





Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationery and Related Products to the Funeral Industry	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 5, 2019)(9)	13,097	12,982	12,982
<b>Milk Specialties Company(11)</b>	Processor of Nutrition Products	LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity November 9, 2018)(9)	7,180	7,145	7,234
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)	4,844	4,800	4,800
<b>Miramax Film NY, LLC(11)</b>	Motion Picture Producer and Distributor	Class B Units (12% cumulative)(8)		815	815
<b>Modern VideoFilm, Inc.(10)</b>	Post-Production Film Studio	LIBOR Plus 3.50% (Floor 1.50%), Current Coupon 5.00% / 8.50% PIK, Current Coupon Plus PIK 13.50%, Secured Debt (Maturity September 25, 2017)(9)(14) Warrants (1,833 equivalent shares)	6,302	6,125 151	2,035
				6,276	2,035
<b>Mood Media Corporation(11)(13)</b>	Provider of Electronic Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	13,410	13,268	13,326
<b>MP Assets Corporation(11)</b>	Manufacturer of Battery Components	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 19, 2019)(9)	4,350	4,314	4,344
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,888	14,623	14,757

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<b>Nice-Pak Products, Inc.(11)</b>	Pre-Moistened Wipes Manufacturer	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity June 18, 2015)(9)	12,541	12,529	12,352
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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>North American Lifting Holdings, Inc.(11)</b>	Construction & Farm Machinery & Heavy Trucks	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity November 27, 2020)(9)	997	917	968
<b>North Atlantic Trading Company, Inc.(11)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	10,719	10,632	10,605
<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	5,970	5,916	5,686
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)	5,205	5,205	5,205
<b>Panolam Industries International, Inc.(11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity August 23, 2017)(9)	9,896	9,833	9,846
<b>Paris Presents Incorporated(11)(13)</b>	Branded Cosmetic and Bath Accessories	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 31, 2021)(9)	2,000	1,961	2,000
<b>Parq Holdings Limited Partnership(11)(13)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	6,226	6,082	6,263
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer	10.5% Secured Debt (Maturity January 15, 2018)	2,755	2,733	1,515
<b>Pernix Therapeutics Holdings, Inc.(10)(13)</b>	Pharmaceutical Royalty Anti-Migraine				

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12% Secured Debt (Maturity August 1,  
2020)

4,000

4,000

4,000

25

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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>PeroxyChem LLC(11)</b>	Chemical Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 28, 2020)(9)	8,910	8,758	8,943
<b>Philadelphia Energy Solutions Refining and Marketing LLC(11)</b>	Oil & Gas Refiner	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 4, 2018)(9)	2,940	2,912	2,820
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	15,000	14,636	14,925
<b>Polyconcept Financial B.V.(11)</b>	Promotional Products to Corporations and Consumers	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity June 28, 2019)(9)	4,314	4,301	4,303
<b>Primesight Limited(10)(13)</b>	Outdoor Advertising Operator	10% Secured Debt (Maturity October 22, 2016)	8,663	8,608	7,724
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity November 1, 2018)(9)	11,916	11,806	11,806
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	9,975	9,883	9,800
<b>RCHP, Inc.(11)</b>	Regional Non-Urban Hospital Owner/Operator	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity October 23, 2019)(9)	4,000	3,947	4,055

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**Recorded Books Inc.(11)**

Audiobook and Digital  
Content Publisher

LIBOR Plus 4.25% (Floor 1.00%),  
Current Coupon 5.25%, Secured Debt  
(Maturity January 31, 2020)(9)

11,875

11,775

11,786

26

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Relativity Media, LLC(10)	Full-Scale Film and Television Production and Distribution	10% Secured Debt (Maturity May 30, 2015)	5,787	5,781	5,801
		15% PIK Secured Debt (Maturity May 30, 2015)	7,691	7,665	7,730
		Class A Units (260,194 units)		292	1,149
				13,738	14,680
Renaissance Learning, Inc.(11)	Technology-based K-12 Learning Solutions	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,973	2,925
RGL Reservoir Operations Inc.(11)(13)	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,980	3,870	3,017
RLJ Entertainment, Inc.(10)	Movie and TV Programming Licensee and Distributor	LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.00%, Secured Debt (Maturity September 11, 2019)(9)	11,299	11,245	11,245
SAExploration, Inc.(10)(13)	Geophysical Services Provider	Common Stock (6,472 shares)(8)		65	27
Sage Automotive Interiors, Inc(11)	Automotive Textiles Manufacturer	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 8, 2021)(9)	3,000	2,972	3,000
Sagittarius Restaurants LLC (d/b/a Del Taco)(11)	Mexican/American QSR Restaurant Chain	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity October 1, 2018)(9)	4,591	4,573	4,576
SCE Partners, LLC(10)	Hotel & Casino Operator	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity August 14, 2019)(9)	7,481	7,423	7,519





Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Sotera Defense Solutions, Inc.(11)</b>	Defense Industry Intelligence Services	LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,946	10,568	9,742
<b>Stardust Finance Holdings, Inc.(11)</b>	Manufacturer of Diversified Building Products	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity March 13, 2022)(9)	12,500	12,315	12,500
<b>Subsea Global Solutions, LLC(10)</b>	Underwater Maintenance and Repair Services	LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity March 17, 2020)(9)	4,571	4,512	4,512
<b>Symphony Teleca Services, Inc.(11)</b>	Outsourced Product Development	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2019)(9)	14,000	13,876	13,930
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	4,714	4,638	4,572
<b>Targus Group International(11)</b>	Distributor of Protective Cases for Mobile Devices	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 1.00% PIK, Current Coupon Plus PIK 12.00%, Secured Debt (Maturity May 24, 2016)(9)	4,236	4,245	3,431
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9) LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	6,813 2,500	6,796 2,481	6,796 2,500
				9,277	9,296
<b>Templar Energy LLC(11)</b>					

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Oil & Gas Exploration &  
Production

LIBOR Plus 7.50% (Floor 1.00%),  
Current Coupon 8.50%, Secured Debt  
(Maturity November 25, 2020)(9)

5,000

4,947

3,424

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>The Tennis Channel, Inc.(10)</b>	Television-Based Sports Broadcasting	Warrants (114,316 equivalent shares)		235	301
<b>The Topps Company, Inc.(11)</b>	Trading Cards & Confectionary	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,975	1,961	1,953
<b>Therakos, Inc.(11)</b>	Immune System Disease Treatment	LIBOR Plus 5.75% (Floor 1.25%), Current Coupon 7.00%, Secured Debt (Maturity December 27, 2017)(9)	6,278	6,193	6,247
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	5,000	4,527	4,644
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 5, 2018)(9)	12,281	12,151	12,312
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity January 13, 2019)(9) LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity January 13, 2019)(9) 15% PIK Unsecured Debt (Maturity July 13, 2019) Common Stock (705,054 shares)	1,513 2,826 574	1,513 2,826 574 4,935	1,513 2,826 574 4,935
				9,848	9,848
<b>Universal Fiber Systems, LLC(10)</b>	Manufacturer of Synthetic Fibers	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity January 31, 2019)(9)	5,062	5,052	5,011

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**Universal Wellhead Services  
Holdings, LLC(10)**

Provider of Wellhead  
Equipment, Designs, and  
Personnel to the Oil &  
Gas Industry

Class A Units (4,000,000 units)(8)

4,000

4,000

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****March 31, 2015****(in thousands)****(Unaudited)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	7,425	7,393	7,407
<b>Vantage Oncology, LLC(11)</b>	Outpatient Radiation Oncology Treatment Centers	9.5% Secured Debt (Maturity June 5, 2017)	11,050	10,898	10,664
<b>Virtex Enterprises, LP(10)</b>	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018) Preferred Class A Units (14 units; 5% cumulative)(8) Warrants (11 equivalent units)	1,667	1,488 333 186	1,489 333 186
				2,007	2,008
<b>Vision Solutions, Inc.(11)</b>	Provider of Information Availability Software	LIBOR Plus 4.50% (Floor 1.50%), Current Coupon 6.00%, Secured Debt (Maturity July 23, 2016)(9) LIBOR Plus 8.00% (Floor 1.50%), Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9)	3,413 5,000	3,405 4,959	3,405 5,012
				8,364	8,417
<b>Volusion, LLC</b>	Provider of Online Software-as-a-Service eCommerce Solutions	10.5% Secured Debt (Maturity January 26, 2020) Warrants (950,618 equivalent units) Preferred Member Units (4,876,670 units)	17,500	16,024 1,400 14,000	16,025 1,400 14,000
				31,424	31,425
<b>Western Dental Services, Inc.(11)</b>	Dental Care Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity November 1, 2018)(9)	5,395	5,391	4,965

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<b>Wilton Brands LLC(11)</b>	Specialty Housewares Retailer	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9)	1,725	1,703	1,657
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Worley Claims Services, LLC(10)	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,484	6,423	6,517
Zilliant Incorporated	Price Optimization and Margin Management Solutions	Preferred Stock (186,777 shares) Warrants (952,500 equivalent shares)		154 1,071 1,225	211 1,071 1,282
<b>Subtotal Non-Control/Non-Affiliate Investments (55.4% of total investments at fair value)</b>				983,942	968,009
<b>Total Portfolio Investments, March 31, 2015</b>				1,600,831	1,737,323

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

March 31, 2015

(in thousands)

(Unaudited)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Marketable Securities and Idle Funds Investments</b>					
<b>Other Marketable Securities and Idle Funds Investments(13)(15)</b>	Investments in Marketable Securities and Diversified, Registered Bond Funds			11,235	9,948
<b>Subtotal Marketable Securities and Idle Funds Investments (0.6% of total investments at fair value)</b>				11,235	9,948
<b>Total Investments, March 31, 2015</b>				\$ 1,612,066	\$ 1,747,271

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for summary geographic location of portfolio companies.
- (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate.
- (10)



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Private Loan portfolio investment. See Note B for a summary of Private Loan portfolio investments.

- (11) Middle Market portfolio investment. See Note B for a summary of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note B for a summary of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) Marketable securities and idle fund investments.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.

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**MAIN STREET CAPITAL CORPORATION**  
**CONSOLIDATED SCHEDULE OF INVESTMENTS**

**December 31, 2014**

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Control Investments(5)</u></b>					
<b>ASC Interests, LLC</b>	Recreational and Educational Shooting Facility	11% Secured Debt (Maturity July 31, 2018)	3,000	2,954	3,000
		Member Units (1,500 units)(8)		1,500	1,970
				4,454	4,970
<b>Bond-Coat, Inc.</b>	Casing and Tubing Coating Services	12% Secured Debt (Maturity December 28, 2017)	13,570	13,446	13,570
		Common Stock (57,508 shares)		6,350	11,210
				19,796	24,780
<b>Café Brazil, LLC</b>	Casual Restaurant Group	Member Units (1,233 units)(8)		1,742	6,980
<b>California Healthcare Medical Billing, Inc.</b>	Outsourced Billing and Revenue Cycle Management	9% Secured Debt (Maturity October 17, 2016)	8,703	8,568	8,703
		Warrants (466,947 equivalent shares)		1,193	3,480
		Common Stock (207,789 shares)		1,177	1,460
				10,938	13,643
<b>CBT Nuggets, LLC</b>	Produces and Sells IT Training Certification Videos	Member Units (416 units)(8)		1,300	27,200
<b>Ceres Management, LLC (Lamb's Tire &amp; Automotive)</b>	Aftermarket Automotive Services Chain	14% Secured Debt (Maturity May 31, 2018)	3,916	3,916	3,916
		Class B Member Units (12% cumulative)(8)		4,048	4,048
		Member Units (5,460 units)		5,273	2,510
		9.5% Secured Debt (Lamb's Real Estate Investment I, LLC) (Maturity October 1, 2025)	968	968	968
		Member Units (Lamb's Real Estate Investment I, LLC) (1,000 units)(8)		625	1,240
				14,830	12,682

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**Datacom, LLC**

Technology and  
Telecommunications  
Provider

10.5% Secured Debt (Maturity May 31,  
2019)

11,205

11,103

11,103

Preferred Member Units (6,453 units)

6,030

6,030

17,133

17,133

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Garreco, LLC	Manufacturer and Supplier of Dental Products	14% Secured Debt (Maturity January 12, 2018)	5,400	5,320	5,320
		Member Units (1,200 units)(8)		1,200	1,360
				6,520	6,680
GRT Rubber Technologies LLC	Engineered Rubber Product Manufacturer	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity December 19, 2019)(9)	16,750	16,585	16,585
		Member Units (5,879 units)		13,065	13,065
				29,650	29,650
Gulf Manufacturing, LLC	Manufacturer of Specialty Fabricated Industrial Piping Products	9% PIK Secured Debt (Ashland Capital IX, LLC) (Maturity June 30, 2017)	744	744	744
		Member Units (438 units)(8)		2,980	16,540
				3,724	17,284
Harrison Hydra-Gen, Ltd.	Manufacturer of Hydraulic Generators	12% Secured Debt (Maturity June 4, 2015)	5,487	5,409	5,487
		Preferred Stock (8% cumulative)(8)		1,260	1,260
		Common Stock (105,880 shares)		718	1,830
			7,387	8,577	
Hawthorne Customs and Dispatch Services, LLC	Facilitator of Import Logistics, Brokerage, and Warehousing	Member Units (500 units)(8)		589	370
		Member Units (Wallisville Real Estate, LLC) (588,210 units)(8)		1,215	2,220
				1,804	2,590
Hydratec, Inc.	Designer and Installer of Micro-Irrigation Systems	Common Stock (7,095 shares)(8)		7,095	13,720
IDX Broker, LLC					

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Provider of Marketing  
and CRM Tools for the  
Real Estate Industry

LIBOR Plus 6.50% (Floor 1.50%), Current Coupon 8.00%, Secured Debt (Maturity November 18, 2018)(9)	125	125	125
12.5% Secured Debt (Maturity November 18, 2018)	10,571	10,483	10,571
Member Units (5,029 units)		5,029	5,450
		15,637	16,146

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Impact Telecom, Inc.	Telecommunications Services Provider	LIBOR Plus 6.50% (Floor 2.00%), Current Coupon 8.50%, Secured Debt (Maturity May 31, 2018)(9)	1,575	1,569	1,569
		13% Secured Debt (Maturity May 31, 2018)	22,500	15,515	15,515
		Warrants (5,516,667 equivalent shares)		8,000	4,160
				25,084	21,244
Indianapolis Aviation Partners, LLC	Fixed Base Operator	15% Secured Debt (Maturity January 15, 2015)	3,100	3,100	3,100
		Warrants (1,046 equivalent units)		1,129	2,540
				4,229	5,640
Jensen Jewelers of Idaho, LLC	Retail Jewelry Store	Prime Plus 6.75% (Floor 3.25%), Current Coupon 10.00%, Secured Debt (Maturity November 14, 2016)(9)	3,655	3,618	3,655
		Member Units (627 units)(8)		811	3,580
				4,429	7,235
Lighting Unlimited, LLC	Commercial and Residential Lighting Products and Design Services	8% Secured Debt (Maturity August 22, 2015)	1,550	1,550	1,550
		Preferred Equity (non-voting)		439	439
		Warrants (71 equivalent units)		54	40
		Member Units (700 units)(8)		100	360
				2,143	2,389
Marine Shelters Holdings, LLC (LoneStar Marine Shelters)	Fabricator of Marine and Industrial Shelters	12% Secured Debt (Maturity December 28, 2017)	10,250	10,112	10,112
		Preferred Member Units (2,669 units)		3,750	3,750
				13,862	13,862
Mid-Columbia Lumber Products, LLC	Manufacturer of Finger-Jointed Lumber Products	10% Secured Debt (Maturity December 18, 2017)	1,750	1,750	1,750

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12% Secured Debt (Maturity December 18, 2017) Member Units (2,829 units)(8)	3,900	3,900	3,900
9.5% Secured Debt (Mid Columbia Real Estate, LLC) (Maturity May 13, 2025) Member Units (Mid Columbia Real Estate, LLC) (250 units)(8)	927	927	927
		250	550
		8,071	17,307

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>MSC Adviser I, LLC(16)</b>	Third Party Investment Advisory Services	Member Units (Fully diluted 100.0%)(8)			15,580
<b>Mystic Logistics, Inc</b>	Logistics and Distribution Services Provider for Large Volume Mailers	12% Secured Debt (Maturity August 15, 2019) Common Stock (5,873 shares)	10,000	9,790 2,720	9,790 2,720
				12,510	12,510
<b>NAPCO Precast, LLC</b>	Precast Concrete Manufacturing	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity September 1, 2015)(9) Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity February 1, 2016)(9) 18% Secured Debt (Maturity February 1, 2016) Member Units (2,955 units)(8)	625 2,923 4,468	615 2,915 4,440 2,975	625 2,923 4,468 7,560
				10,945	15,576
<b>NRI Clinical Research, LLC</b>	Clinical Research Service Provider	14% Secured Debt (Maturity September 8, 2016) Warrants (251,723 equivalent units) Member Units (671,233 units)	4,889	4,779 252 671	4,779 160 722
				5,702	5,661
<b>NRP Jones, LLC</b>	Manufacturer of Hoses, Fittings and Assemblies	12% Secured Debt (Maturity December 22, 2016) Warrants (14,331 equivalent units) Member Units (50,877 units)(8)	12,100	11,590 817 2,900	11,590 970 3,190
				15,307	15,750
<b>OMi Holdings, Inc.</b>	Manufacturer of Overhead Cranes	Common Stock (1,500 shares)(8)		1,080	13,420
<b>Pegasus Research Group, LLC (Televerde)</b>	Provider of Telemarketing and Data Services				



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	Member Units (460 units)(8)		1,290	5,860
<b>PPL RVs, Inc.</b>	Recreational Vehicle Dealer			
	11.1% Secured Debt (Maturity June 10, 2015)	7,860	7,848	7,860
	Common Stock (1,961 shares)		2,150	8,160
			9,998	16,020

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Principle Environmental, LLC</b>	Noise Abatement Service Provider	12% Secured Debt (Maturity April 30, 2017)	4,060	3,813	4,060
		12% Current / 2% PIK Secured Debt (Maturity April 30, 2017)	3,244	3,227	3,244
		Preferred Member Units (19,631 units)		4,663	11,830
		Warrants (1,036 equivalent units)		1,200	720
					12,903
<b>River Aggregates, LLC</b>	Processor of Construction Aggregates	Zero Coupon Secured Debt (Maturity June 30, 2018)	750	468	468
		12% Secured Debt (Maturity June 30, 2018)	500	500	500
		Member Units (1,150 units)(8)		1,150	2,570
		Member Units (RA Properties, LLC) (1,500 units)		369	369
					2,487
<b>SoftTouch Medical Holdings LLC</b>	Home Provider of Pediatric Durable Medical Equipment	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity October 31, 2019)(9)	8,500	8,417	8,417
		Member Units (4,526 units)		5,015	5,015
				13,432	13,432
<b>Southern RV, LLC</b>	Recreational Vehicle Dealer	13% Secured Debt (Maturity August 8, 2018)	11,400	11,266	11,400
		Member Units (1,680 units)(8)		1,680	4,920
		13% Secured Debt (Southern RV Real Estate, LLC) (Maturity August 8, 2018)	3,250	3,212	3,250
		Member Units (Southern RV Real Estate, LLC) (480 units)		480	470
				16,638	20,040
<b>The MPI Group, LLC</b>	Manufacturer of Custom Hollow Metal Doors, Frames and Accessories	9% Secured Debt (Maturity October 8, 2018)	2,724	2,724	2,724
		Series A Preferred Units (2,500 units; 10% Cumulative)		2,500	980

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Warrants (1,424 equivalent units)	1,096	
Member Units (MPI Real Estate Holdings, LLC) (100% Fully diluted)(8)	2,300	2,300
	8,620	6,004

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Travis Acquisition LLC	Manufacturer of Aluminum Trailers	12% Secured Debt (Maturity August 30, 2018)	4,693	4,617	4,693
		Member Units (7,282 units)		7,100	13,650
				11,717	18,343
Uvalco Supply, LLC	Farm and Ranch Supply Store	9% Secured Debt (Maturity January 1, 2019)	1,802	1,802	1,802
		Member Units (1,006 units)(8)		1,113	3,500
				2,915	5,302
Vision Interests, Inc.	Manufacturer / Installer of Commercial Signage	13% Secured Debt (Maturity December 23, 2016)	3,204	3,169	3,154
		Series A Preferred Stock (3,000,000 shares)		3,000	3,250
		Common Stock (1,126,242 shares)		3,706	100
				9,875	6,504
Ziegler's NYPD, LLC	Casual Restaurant Group	Prime Plus 2.00% (Floor 7.00%), Current Coupon 9.00%, Secured Debt (Maturity October 1, 2018)(9)	1,500	1,491	1,491
		9% Current / 9% PIK Secured Debt (Maturity October 1, 2018)	5,509	5,509	4,880
		Warrants (587 equivalent units)		600	
				7,600	6,371
<b>Subtotal Control Investments (29.9% of total investments at fair value)</b>				<b>342,847</b>	<b>469,846</b>

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Affiliate Investments(6)</b>					
<b>AFG Capital Group, LLC</b>	Provider of Rent-to-Own Financing Solutions and Services	11% Secured Debt (Maturity November 7, 2019)	6,800	6,465	6,465
		Warrants (42 equivalent units)		259	259
		Member Units (186 units)		1,200	1,200
				7,924	7,924
<b>Boss Industries, LLC</b>	Manufacturer and Distributor of Air Compressors, Auxiliary Power Units, Gas Booster Systems and Vapor Recovery Systems	Preferred Member Units (2,242 units)		2,000	2,000
<b>Bridge Capital Solutions Corporation</b>	Financial Services and Cash Flow Solutions Provider	13% Secured Debt (Maturity April 18, 2017)	6,000	5,837	5,837
		Warrants (19 equivalent shares)		200	710
				6,037	6,547
<b>Brightwood Capital Fund III, LP(12)(13)</b>	Investment Partnership	LP Interests (Brightwood Capital Fund III, LP) (Fully diluted 9.1%)(8)		8,448	8,448
<b>CAI Software LLC</b>	Provider of Specialized Enterprise Resource Planning Software	12% Secured Debt (Maturity October 10, 2019)	5,400	5,348	5,348
		Member Units (65,356 units)		654	654
				6,002	6,002
<b>Condit Exhibits, LLC</b>	Tradeshow Exhibits / Custom Displays Provider	Member Units (3,936 units)(8)		100	610
<b>Congruent Credit Opportunities Funds(12)(13)</b>	Investment Partnership	LP Interests (Congruent Credit Opportunities Fund II, LP) (Fully diluted		18,575	18,378

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19.8%)(8)		
LP Interests (Congruent Credit		
Opportunities Fund III, LP) (Fully diluted		
17.4%)(8)	7,734	7,734
	26,309	26,112

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Daseke, Inc.	Specialty Transportation Provider	12% Current / 2.5% PIK Secured Debt (Maturity July 31, 2018)	20,723	20,403	20,723
		Common Stock (19,467 shares)		5,213	13,780
				25,616	34,503
Dos Rios Partners(12)(13)	Investment Partnership	LP Interests (Dos Rios Partners, LP) (Fully diluted 20.2%)(8)		2,325	2,325
		LP Interests (Dos Rios Partners A, LP) (Fully diluted 6.4%)(8)		738	738
				3,063	3,063
East Teak Fine Hardwoods, Inc.	Distributor of Hardwood Products	Common Stock (5,000 shares)(8)		480	860
East West Copolymer & Rubber, LLC	Manufacturer of Synthetic Rubbers	12% Secured Debt (Maturity October 17, 2019)	9,600	9,436	9,436
		Warrants (1,823,278 equivalent units)		50	50
				9,486	9,486
Freeport Financial SBIC Fund LP(12)(13)	Investment Partnership	LP Interests (Fully diluted 9.9%)(8)		4,677	4,677
Gault Financial, LLC (RMB Capital, LLC)	Purchases and Manages Liquidation of Distressed Assets	10% Secured Debt (Maturity November 21, 2016)	13,046	12,749	10,782
		Warrants (29,025 equivalent units)		400	
				13,149	10,782
Glowpoint, Inc.	Provider of Cloud Managed Video Collaboration Services	8% Secured Debt (Maturity October 18, 2018)	400	396	396
		12% Secured Debt (Maturity October 18, 2018)	9,000	8,909	8,909
		Common Stock (7,711,517 shares)		3,958	8,480
				13,263	17,785

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<b>Guerdon Modular Holdings, Inc.</b>	Multi-Family and Commercial Modular Construction Company	11% Secured Debt (Maturity August 13, 2019)	11,200	11,044	11,044
		Common Stock (213,221 shares)		2,400	2,400
				13,444	13,444



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Houston Plating and Coatings, LLC</b>	Provider of Plating and Industrial Coating Services	Member Units (248,082 units)(8)		996	11,470
<b>Indianhead Pipeline Services, LLC</b>	Provider of Pipeline Support Services	12% Secured Debt (Maturity February 6, 2017)	6,900	6,625	6,625
		Preferred Member Units (28,905 units; 8% cumulative)(8)		1,960	1,960
		Warrants (38,193 equivalent units)		459	
		Member Units (14,732 units)		1	
				9,045	8,585
<b>irth Solutions, LLC</b>	Provider of Damage Prevention Information Technology Services	Member Units (128 units)(8)		624	3,960
<b>KBK Industries, LLC</b>	Specialty Manufacturer of Oilfield and Industrial Products	12.5% Secured Debt (Maturity September 28, 2017)	8,250	8,198	8,250
		Member Units (250 units)(8)		341	6,120
				8,539	14,370
<b>L.F. Manufacturing Holdings, LLC(10)</b>	Manufacturer of Fiberglass Products	Member Units (2,000,000 units)(8)		2,019	2,374
<b>MPS Denver, LLC</b>	Specialty Card Printing	Member Units (13,800 units)		1,130	1,130
<b>OnAsset Intelligence, Inc.</b>	Provider of Transportation Monitoring / Tracking Products and Services	12% PIK Secured Debt (Maturity March 31, 2015)	3,553	3,553	3,553
		Preferred Stock (912 shares; 7% cumulative)(8)		1,947	2,700
		Warrants (5,333 equivalent shares)		1,919	
				7,419	6,253
<b>OPI International Ltd.(13)</b>	Provider of Man Camp and Industrial Storage Services				

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Common Stock (20,766,317 shares) 1,371 4,971

**PCI Holding Company, Inc.**

Manufacturer of  
Industrial Gas  
Generating Systems

Preferred Stock (1,500,000 shares; 20%  
cumulative)(8)

2,259 4,430

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Quality Lease and Rental Holdings, LLC	Provider of Rigsite Accommodation Unit Rentals and Related Services	8% Secured Debt (Maturity October 1, 2014)(14)(18)	157	157	157
		12% Secured Debt (Maturity January 8, 2018)(14)(18)	36,577	36,073	11,500
		Preferred Member Units (Rocacia, LLC) (250 units)		2,500	
				38,730	11,657
Radial Drilling Services Inc.	Oil and Gas Technology Provider	12% Secured Debt (Maturity November 22, 2016)	4,200	3,792	3,792
		Warrants (316 equivalent shares)		758	
				4,550	3,792
Samba Holdings, Inc.	Provider of Intelligent Driver Record Monitoring Software and Services	12.5% Secured Debt (Maturity November 17, 2016)	26,418	26,188	26,418
		Common Stock (170,963 shares)		2,087	6,030
				28,275	32,448
SYNEO, LLC	Manufacturer of Automation Machines, Specialty Cutting Tools and Punches	12% Secured Debt (Maturity July 13, 2016)	2,700	2,674	2,674
		Member Units (1,177 units)(8)		1,097	801
		10% Secured Debt (Leadrock Properties, LLC) (Maturity May 4, 2026)	1,440	1,415	1,415
				5,186	4,890
Tin Roof Acquisition Company	Casual Restaurant Group	12% Secured Debt (Maturity November 30, 2018)	14,100	13,861	13,861
		Class C Preferred Stock (Fully diluted 10.0%; 10% cumulative)(8)		2,241	2,241
				16,102	16,102

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Subtotal Affiliate Investments (17.7% of total investments at fair value)	266,243	278,675
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b><u>Non-Control/Non-Affiliate Investments(7)</u></b>					
Accuvant Finance, LLC(11)	Cyber Security Value Added Reseller	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity October 22, 2020)(9)	5,597	5,546	5,583
Allflex Holdings III Inc.(11)	Manufacturer of Livestock Identification Products	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity July 19, 2021)(9)	6,000	5,937	5,888
AM General LLC(11)	Specialty Vehicle Manufacturer	LIBOR Plus 9.00% (Floor 1.25%), Current Coupon 10.25%, Secured Debt (Maturity March 22, 2018)(9)	2,550	2,496	2,282
AM3 Pinnacle Corporation(10)	Provider of Comprehensive Internet, TV and Voice Services for Multi-Dwelling Unit Properties	10% Secured Debt (Maturity October 22, 2018) Common Stock (60,240 shares)	21,002	20,863 2,000	20,863 1,840
				22,863	22,703
AmeriTech College, LLC	For-Profit Nursing and Healthcare College	10% Secured Debt (Maturity November 30, 2019) 10% Secured Debt (Maturity January 31, 2020)	979 6,050	979 6,050	979 6,050
				7,029	7,029
AMF Bowling Centers, Inc.(11)	Bowling Alley Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity September 18, 2021)(9)	4,988	4,915	4,913
Anchor Hocking, LLC(11)	Household Products Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75% / 1.75% PIK, Current Coupon Plus PIK 9.50%, Secured Debt (Maturity May 21, 2020)(9)	10,916	10,842	6,559



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>AP Gaming I, LLC(10)</b>	Developer, Manufacturer, and Operator of Gaming Machines	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity December 20, 2020)(9)	6,930	6,744	6,930
<b>Applied Products, Inc.(10)</b>	Adhesives Distributor	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity September 30, 2019)(9)	6,236	6,170	6,170
<b>Aptean, Inc.(11)</b>	Enterprise Application Software Provider	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity February 26, 2020)(9)	7,667	7,642	7,450
<b>Artel, LLC(11)</b>	Land-Based and Commercial Satellite Provider	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity November 27, 2017)(9)	4,594	4,549	4,548
<b>ATS Workholding, Inc.(10)</b>	Manufacturer of Machine Cutting Tools and Accessories	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity March 10, 2019)(9)	6,558	6,506	6,506
<b>Beers Enterprises, Inc.(10)</b>	Provider of Broadcast Video Transport Services	Prime Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity March 19, 2019)(9)	6,263	6,210	6,210
<b>Bioventus LLC(10)</b>	Production of Orthopedic Healing Products	LIBOR Plus 10.00% (Floor 1.00%), Current Coupon 11.00%, Secured Debt (Maturity April 10, 2020)(9)	5,000	4,903	4,987
<b>Blackbrush Oil and Gas LP(11)</b>	Oil & Gas Exploration	LIBOR Plus 6.50%, (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity July 30, 2021)(9)	4,000	3,971	3,320
<b>Blackhawk Specialty Tools LLC(11)</b>	Oilfield Equipment & Services		6,224	6,189	6,131

LIBOR Plus 5.25% (Floor 1.25%),  
Current Coupon 6.50%, Secured Debt  
(Maturity August 1, 2019)(9)



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Blue Bird Body Company(11)</b>	School Bus Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity June 26, 2020)(9)	11,500	11,339	11,443
<b>Bluestem Brands, Inc.(11)</b>	Multi-Channel Retailer of General Merchandise	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 6, 2020)(9)	7,500	7,213	7,237
<b>Brainworks Software, LLC(10)</b>	Advertising Sales and Production and Newspaper Circulation Software	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity July 22, 2019)(9)	6,263	6,182	6,182
<b>Brasa Holdings Inc.(11)</b>	Upscale Full Service Restaurants	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity January 20, 2020)(9)	2,143	2,128	2,121
<b>Brundage-Bone Concrete Pumping, Inc.(11)</b>	Construction Services Provider	10.375% Secured Debt (Maturity September 1, 2021)	2,500	2,500	2,556
<b>Calloway Laboratories, Inc.(10)</b>	Health Care Testing Facilities	12% PIK Secured Debt (Maturity September 30, 2015)(14) Warrants (125,000 equivalent shares)	7,225	7,176 17	2,878
				7,193	2,878
<b>Cedar Bay Generation Company LP(11)</b>	Coal-Fired Cogeneration Plant	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 23, 2020)(9)	2,476	2,457	2,458
<b>Cengage Learning Acquisitions, Inc.(11)</b>	Provider of Educational Print and Digital Services	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity March 31, 2020)(9)	4,000	3,990	3,975
<b>CGSC of Delaware Holdings Corp.(11)(13)</b>	Insurance Brokerage Firm				

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LIBOR Plus 7.00% (Floor 1.25%), Current Coupon 8.25%, Secured Debt (Maturity October 16, 2020)(9)	2,000	1,975	1,780
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Charlotte Russe, Inc(11)	Fast-Fashion Retailer to Young Women	LIBOR Plus 5.50% (Floor 1.25%), Current Coupon 6.75%, Secured Debt (Maturity May 22, 2019)(9)	4,938	4,900	4,822
CHI Overhead Doors, Inc.(11)	Manufacturer of Overhead Garage Doors	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00%, Secured Debt (Maturity September 18, 2019)(9)	2,500	2,467	2,475
Clarius ASIG, LLC(10)	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity September 14, 2014)(17)	2,723	2,663	2,723
Clarius BIGS, LLC(10)	Prints & Advertising Film Financing	12% PIK Secured Debt (Maturity January 5, 2015)(14)	4,400	4,285	1,848
Compact Power Equipment, Inc.	Equipment / Tool Rental	12% Secured Debt (Maturity October 1, 2017) Series A Preferred Stock (4,298,435 shares; 8% cumulative)(8)	4,100	4,085 1,079	4,100 2,401
				5,164	6,501
Covenant Surgical Partners, Inc.(11)	Ambulatory Surgical Centers	8.75% Secured Debt (Maturity August 1, 2019)	2,000	2,000	2,020
CRGT Inc.(11)	Provider of Custom Software Development	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity December 19, 2020)(9)	10,000	9,800	9,850
CST Industries Inc.(11)	Storage Tank Manufacturer	LIBOR Plus 6.25% (Floor 1.50%), Current Coupon 7.75%, Secured Debt (Maturity May 22, 2017)(9)	7,109	7,050	7,037
Darr Equipment LP(10)	Heavy Equipment Dealer	11.75% Current / 2% PIK Secured Debt (Maturity April 15, 2020) Warrants (915,734 equivalent units)	20,291	19,676 474	19,676 474

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			20,150	20,150
<b>Digity Media LLC(11)</b>	Radio Station Operator	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity February 10, 2019)(9)	7,406	7,335
				7,387

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Drilling Info, Inc.</b>	Information Services for the Oil and Gas Industry	Common Stock (3,788,865 shares)		1,335	9,920
<b>ECP-PF Holdings Group, Inc.(10)</b>	Fitness Club Operator	LIBOR Plus 9.00% (Floor 1.00%), Current Coupon 10.00%, Secured Debt (Maturity November 26, 2019)(9)	5,625	5,570	5,570
<b>EnCap Energy Fund Investments(12)(13)</b>	Investment Partnership	LP Interests (EnCap Energy Capital Fund VIII, L.P.) (Fully diluted 0.1%)(8)		3,430	3,240
		LP Interests (EnCap Energy Capital Fund VIII Co-Investors, L.P.) (Fully diluted 0.4%)(8)		1,561	1,325
		LP Interests (EnCap Energy Capital Fund IX, L.P.) (Fully diluted 0.1%)(8)		1,654	1,477
		LP Interests (EnCap Flatrock Midstream Fund II, L.P.) (Fully diluted 1.0%)(8)		4,586	4,567
		LP Interests (EnCap Flatrock Midstream Fund III, L.P.) (Fully diluted 0.8%)(8)		184	184
				11,415	10,793
<b>Energy and Exploration Partners, LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 6.75% (Floor 1.00%), Current Coupon 7.75%, Secured Debt (Maturity January 22, 2019)(9)	9,461	9,054	6,788
<b>e-Rewards, Inc.(11)</b>	Provider of Digital Data Collection	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity October 29, 2018)(9)	12,687	12,518	12,560
<b>Evergreen Skills Lux S.á r.l. (d/b/a Skillsoft)(11)</b>	Technology-based Performance Support Solutions	LIBOR Plus 8.25% (Floor 1.00%), Current Coupon 9.25%, Secured Debt (Maturity April 28, 2022)(9)	3,000	2,979	2,845
<b>FC Operating, LLC(10)</b>	Christian Specialty Retail Stores	LIBOR Plus 10.75% (Floor 1.25%), Current Coupon 12.00%, Secured Debt (Maturity November 14, 2017)(9)	5,400	5,330	4,132

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
FishNet Security, Inc.(11)	Information Technology Value-Added Reseller	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity November 30, 2017)(9)	7,840	7,791	7,840
Flavors Holdings Inc.(11)	Global Provider of Flavoring and Sweetening Products and Solutions	LIBOR Plus 5.75% (Floor 1.00%), Current Coupon 6.75%, Secured Debt (Maturity April 30, 2020)(9)	4,938	4,746	4,728
Fram Group Holdings, Inc.(11)	Manufacturer of Automotive Maintenance Products	LIBOR Plus 5.00% (Floor 1.50%), Current Coupon 6.50%, Secured Debt (Maturity July 29, 2017)(9) LIBOR Plus 9.00% (Floor 1.50%), Current Coupon 10.50%, Secured Debt (Maturity January 29, 2018)(9)	5,935 700	5,928 698	5,907 684
				6,626	6,591
GI KBS Merger Sub LLC(11)	Outsourced Janitorial Services to Retail/Grocery Customers	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity April 29, 2022)(9)	800	784	796
Grace Hill, LLC(10)	Online Training Tools for the Multi-Family Housing Industry	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity August 15, 2019)(9)	9,546	9,436	9,436
Grupo Hima San Pablo, Inc.(11)	Tertiary Care Hospitals	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity January 31, 2018)(9) 13.75% Secured Debt (Maturity July 31, 2018)	4,913 2,000	4,846 1,925	4,775 1,920
				6,771	6,695
GST Autoleather, Inc.(11)	Automotive Leather Manufacturer	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity July 10, 2020)(9)	9,975	9,882	9,825

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<b>Guitar Center, Inc.(11)</b>	Musical Instruments Retailer	6.5% Secured Debt (Maturity April 15, 2019)	7,000	6,817	6,020
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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Halcon Resources Corporation(11)(13)</b>	Oil & Gas Exploration & Production	9.75% Unsecured Debt (Maturity July 15, 2020)	6,925	6,335	5,194
<b>Hostway Corporation(11)</b>	Managed Services and Hosting Provider	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity December 13, 2019)(9)	9,750	9,671	9,652
		LIBOR Plus 8.75% (Floor 1.25%), Current Coupon 10.00%, Secured Debt (Maturity December 11, 2020)(9)	5,000	4,917	4,950
				14,588	14,602
<b>Hunter Defense Technologies, Inc.(11)</b>	Provider of Military and Commercial Shelters and Systems	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity August 5, 2019)(9)	9,875	9,783	9,752
<b>ICON Health &amp; Fitness, Inc.(11)</b>	Producer of Fitness Products	11.875% Secured Debt (Maturity October 15, 2016)	4,385	4,323	4,122
<b>iEnergizer Limited(11)(13)</b>	Provider of Business Outsourcing Solutions	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity May 1, 2019)(9)	10,029	9,905	9,277
<b>Infinity Acquisition Finance Corp.(11)</b>	Application Software for Capital Markets	7.25% Unsecured Debt (Maturity August 1, 2022)	4,000	4,000	3,620
<b>Inn of the Mountain Gods Resort and Casino(11)</b>	Hotel & Casino Owner & Operator	9.25% Secured Debt (Maturity November 30, 2020)	3,851	3,687	3,697
<b>iQor US Inc.(11)</b>	Business Process Outsourcing Services Provider	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity April 1, 2021)(9)	9,987	9,789	9,288
<b>Jackson Hewitt Tax Service Inc.(11)</b>	Tax Preparation Service Provider				



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LIBOR Plus 8.50% (Floor 1.50%), Current Coupon 10.00%, Secured Debt (Maturity October 16, 2017)(9)	4,509	4,396	4,509
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Joerns Healthcare, LLC(11)	Manufacturer and Distributor of Health Care Equipment & Supplies	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 9, 2020)(9)	9,950	9,853	9,838
John Deere Landscapes LLC(10)	Distributor of Landscaping Supplies	LIBOR Plus 4.00% (Floor 1.00%), Current Coupon 5.00%, Secured Debt (Maturity December 23, 2019)(9)	8,573	8,193	8,193
Keypoint Government Solutions, Inc.(11)	Provider of Pre-Employment Screening Services	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity November 13, 2017)(9)	4,726	4,668	4,702
Lansing Trade Group LLC(11)	Commodity Merchandiser	9.25% Unsecured Debt (Maturity February 15, 2019)	6,000	6,000	5,610
Larchmont Resources, LLC(11)	Oil & Gas Exploration & Production	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity August 7, 2019)(9)	6,895	6,842	6,636
LKCM Distribution Holdings, L.P.	Distributor of Industrial Process Equipment	12% Current / 2.5% PIK Secured Debt (Maturity December 23, 2018)	16,417	16,278	16,417
LKCM Headwater Investments I, L.P.(12)(13)	Investment Partnership	LP Interests (Fully diluted 2.3%)(8)		2,250	5,764
MAH Merger Corporation(11)	Sports-Themed Casual Dining Chain	LIBOR Plus 4.50% (Floor 1.25%), Current Coupon 5.75%, Secured Debt (Maturity July 19, 2019)(9)	7,258	7,198	7,276
MediMedia USA, Inc.(11)	Provider of Healthcare Media and Marketing	LIBOR Plus 6.75% (Floor 1.25%), Current Coupon 8.00%, Secured Debt (Maturity November 20, 2018)(9)	5,411	5,292	5,289

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Messenger, LLC(10)</b>	Supplier of Specialty Stationary and Related Products to the Funeral Industry	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 5, 2019)(9)	13,639	13,518	13,518
<b>Milk Specialties Company(11)</b>	Processor of Nutrition Products	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity November 9, 2018)(9)	7,847	7,806	7,670
<b>Minute Key, Inc.</b>	Operator of Automated Key Duplication Kiosks	10% Current / 2% PIK Secured Debt (Maturity September 19, 2019)	4,023	3,985	3,985
<b>Miramax Film NY, LLC(11)</b>	Motion Picture Producer and Distributor	Class B Units (12% cumulative)(8)		792	792
<b>Modern VideoFilm, Inc.(10)</b>	Post-Production Film Studio	LIBOR Plus 3.50% (Floor 1.50%), Current Coupon 5.00% / 8.50% PIK, Current Coupon Plus PIK 13.50%, Secured Debt (Maturity September 25, 2017)(9)(14) Warrants (1,375 equivalent shares)	6,302	6,119 151	1,954 1
				6,270	1,955
<b>Mood Media Corporation(11)(13)</b>	Provider of Electronic Equipment	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity May 1, 2019)(9)	12,193	12,053	11,964
<b>MP Assets Corporation(11)</b>	Manufacturer of Battery Components	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity December 19, 2019)(9)	4,416	4,378	4,394
<b>New Media Holdings II LLC(11)(13)</b>	Local Newspaper Operator	LIBOR Plus 6.25% (Floor 1.00%), Current Coupon 7.25%, Secured Debt (Maturity June 4, 2020)(9)	14,925	14,649	14,776
<b>Nice-Pak Products, Inc.(11)</b>	Pre-Moistened Wipes Manufacturer				

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LIBOR Plus 6.00% (Floor 1.50%), Current Coupon 7.50%, Secured Debt (Maturity June 18, 2015)(9)	12,541	12,518	12,478
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Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>North Atlantic Trading Company, Inc.(11)</b>	Marketer/Distributor of Tobacco Products	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity January 13, 2020)(9)	7,426	7,361	7,305
<b>Novitex Intermediate, LLC(11)</b>	Provider of Document Management Services	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity July 7, 2020)(9)	5,985	5,929	5,746
<b>Ospemifene Royalty Sub LLC (QuatRx)(10)</b>	Estrogen-Deficiency Drug Manufacturer and Distributor	11.5% Secured Debt (Maturity November 15, 2026)	5,205	5,205	5,205
<b>Panolam Industries International, Inc.(11)</b>	Decorative Laminate Manufacturer	LIBOR Plus 6.50% (Floor 1.25%), Current Coupon 7.75%, Secured Debt (Maturity August 23, 2017)(9)	6,994	6,949	6,889
<b>Parq Holdings Limited Partnership(11)(13)</b>	Hotel & Casino Operator	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity December 17, 2020)(9)	6,226	6,078	6,108
<b>Permian Holdings, Inc.(11)</b>	Storage Tank Manufacturer	10.5% Secured Debt (Maturity January 15, 2018)	2,755	2,728	2,066
<b>Pernix Therapeutics Holdings, Inc.(10)(13)</b>	Pharmaceutical Royalty Anti-Migraine	12% Secured Debt (Maturity August 1, 2020)	4,000	4,000	4,000
<b>PeroxyChem LLC(11)</b>	Chemical Manufacturer	LIBOR Plus 6.50% (Floor 1.00%), Current Coupon 7.50%, Secured Debt (Maturity February 28, 2020)(9)	8,933	8,774	8,843
<b>Philadelphia Energy Solutions Refining and Marketing LLC(11)</b>	Oil & Gas Refiner	LIBOR Plus 5.00% (Floor 1.25%), Current Coupon 6.25%, Secured Debt (Maturity April 4, 2018)(9)	2,948	2,917	2,785

Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>Pike Corporation(11)</b>	Construction and Maintenance Services for Electric Transmission and Distribution Infrastructure	LIBOR Plus 8.50% (Floor 1.00%), Current Coupon 9.50%, Secured Debt (Maturity June 22, 2022)(9)	15,000	14,628	14,825
<b>Polyconcept Financial B.V.(11)</b>	Promotional Products to Corporations and Consumers	LIBOR Plus 4.75% (Floor 1.25%), Current Coupon 6.00%, Secured Debt (Maturity June 28, 2019)(9)	4,325	4,311	4,309
<b>Primesight Limited(10)(13)</b>	Outdoor Advertising Operator	10% Secured Debt (Maturity October 22, 2016)	8,869	8,806	8,284
<b>Printpack Holdings, Inc.(11)</b>	Manufacturer of Flexible and Rigid Packaging	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity May 29, 2020)(9)	5,468	5,417	5,450
<b>PT Network, LLC(10)</b>	Provider of Outpatient Physical Therapy and Sports Medicine Services	LIBOR Plus 7.00% (Floor 1.50%), Current Coupon 8.50%, Secured Debt (Maturity November 1, 2018)(9)	11,946	11,828	11,828
<b>QBS Parent, Inc.(11)</b>	Provider of Software and Services to the Oil & Gas Industry	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2021)(9)	10,000	9,905	9,825
<b>RCHP, Inc.(11)</b>	Regional Non-Urban Hospital Owner/Operator	LIBOR Plus 9.50% (Floor 1.00%), Current Coupon 10.50%, Secured Debt (Maturity October 23, 2019)(9)	4,000	3,945	3,990
<b>Recorded Books Inc.(11)</b>	Audiobook and Digital Content Publisher	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity January 31, 2020)(9)	12,031	11,925	11,941



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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Relativity Media, LLC(10)	Full-Scale Film and Television Production and Distribution	10% Secured Debt (Maturity May 30, 2015)	5,787	5,772	5,801
		15% PIK Secured Debt (Maturity May 30, 2015)	7,410	7,347	7,558
		Class A Units (260,194 units)		292	1,086
				13,411	14,445
Renaissance Learning, Inc.(11)	Technology-based K-12 Learning Solutions	LIBOR Plus 7.00% (Floor 1.00%), Current Coupon 8.00%, Secured Debt (Maturity April 11, 2022)(9)	3,000	2,972	2,880
RGL Reservoir Operations Inc.(11)(13)	Oil & Gas Equipment and Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity August 13, 2021)(9)	3,990	3,876	3,219
RLJ Entertainment, Inc.(10)	Movie and TV Programming Licensee and Distributor	LIBOR Plus 8.75% (Floor 0.25%), Current Coupon 9.00%, Secured Debt (Maturity September 11, 2019)(9)	11,399	11,318	11,318
SAExploration, Inc.(10)(13)	Geophysical Services Provider	Common Stock (6,472 shares)(8)		65	27
Sage Automotive Interiors, Inc(11)	Automotive Textiles Manufacturer	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 8, 2021)(9)	3,000	2,971	2,985
Sagittarius Restaurants LLC (d/b/a Del Taco)(11)	Mexican/American QSR Restaurant Chain	LIBOR Plus 4.50% (Floor 1.00%), Current Coupon 5.50%, Secured Debt (Maturity October 1, 2018)(9)	4,591	4,572	4,562
SCE Partners, LLC(10)	Hotel & Casino Operator	LIBOR Plus 7.25% (Floor 1.00%), Current Coupon 8.25%, Secured Debt (Maturity August 14, 2019)(9)	7,481	7,421	7,519
Sotera Defense Solutions, Inc.(11)	Defense Industry Intelligence Services				



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LIBOR Plus 7.50% (Floor 1.50%), Current Coupon 9.00%, Secured Debt (Maturity April 21, 2017)(9)	10,984	10,564	10,160
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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Symphony Teleca Services, Inc.(11)</b>	Outsourced Product Development	LIBOR Plus 4.75% (Floor 1.00%), Current Coupon 5.75%, Secured Debt (Maturity August 7, 2019)(9)	14,000	13,870	13,930
<b>Synagro Infrastructure Company, Inc(11)</b>	Waste Management Services	LIBOR Plus 5.25% (Floor 1.00%), Current Coupon 6.25%, Secured Debt (Maturity August 22, 2020)(9)	6,913	6,798	6,822
<b>Targus Group International(11)</b>	Distributor of Protective Cases for Mobile Devices	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 1.00% PIK, Current Coupon Plus PIK 12.00%, Secured Debt (Maturity May 24, 2016)(9)	4,288	4,299	3,495
<b>TeleGuam Holdings, LLC(11)</b>	Cable and Telecom Services Provider	LIBOR Plus 4.00% (Floor 1.25%), Current Coupon 5.25%, Secured Debt (Maturity December 10, 2018)(9) LIBOR Plus 7.50% (Floor 1.25%), Current Coupon 8.75%, Secured Debt (Maturity June 10, 2019)(9)	6,830 2,500	6,813 2,480	6,796 2,512
				9,293	9,308
<b>Templar Energy LLC(11)</b>	Oil & Gas Exploration & Production	LIBOR Plus 7.50% (Floor 1.00%), Current Coupon 8.50%, Secured Debt (Maturity November 25, 2020)(9)	5,000	4,945	3,615
<b>The Tennis Channel, Inc.(10)</b>	Television-Based Sports Broadcasting	Warrants (114,316 equivalent shares)		235	301
<b>The Topps Company, Inc.(11)</b>	Trading Cards & Confectionary	LIBOR Plus 6.00% (Floor 1.25%), Current Coupon 7.25%, Secured Debt (Maturity October 2, 2018)(9)	1,980	1,964	1,930
<b>Therakos, Inc.(11)</b>	Immune System Disease Treatment	LIBOR Plus 5.75% (Floor 1.25%), Current Coupon 7.00%, Secured Debt (Maturity December 27, 2017)(9)	6,278	6,178	6,255



Table of Contents**MAIN STREET CAPITAL CORPORATION****CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)****December 31, 2014****(in thousands)**

<b>Portfolio Company(1)</b>	<b>Business Description</b>	<b>Type of Investment(2)(3)</b>	<b>Principal(4)</b>	<b>Cost(4)</b>	<b>Fair Value</b>
<b>TOMS Shoes, LLC(11)</b>	Global Designer, Distributor, and Retailer of Casual Footwear	LIBOR Plus 5.50% (Floor 1.00%), Current Coupon 6.50%, Secured Debt (Maturity October 30, 2020)(9)	5,000	4,511	4,625
<b>Travel Leaders Group, LLC(11)</b>	Travel Agency Network Provider	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity December 5, 2018)(9)	12,445	12,305	12,445
<b>UniTek Global Services, Inc.(11)</b>	Provider of Outsourced Infrastructure Services	LIBOR Plus 9.50% (Floor 1.50%), Current Coupon 11.00% / 4.00% PIK, Current Coupon Plus PIK 15.00%, Secured Debt (Maturity April 15, 2018)(9)(14)	10,776	10,173	7,942
		5% Current / 2.25% PIK Secured Debt (Maturity August 13, 2019)(14)	640	640	640
		Warrants (267,302 equivalent shares)		449	
				11,262	8,582
<b>Universal Fiber Systems, LLC(10)</b>	Manufacturer of Synthetic Fibers	LIBOR Plus 4.25% (Floor 1.00%), Current Coupon 5.25%, Secured Debt (Maturity January 31, 2019)(9)	5,094	5,084	5,082
<b>Universal Wellhead Services Holdings, LLC(10)</b>	Provider of Wellhead Equipment, Designs, and Personnel to the Oil & Gas Industry	Class A Units (4,000,000 units)		4,000	4,000
<b>US Joiner Holding Company(11)</b>	Marine Interior Design and Installation	LIBOR Plus 6.00% (Floor 1.00%), Current Coupon 7.00%, Secured Debt (Maturity April 16, 2020)(9)	7,444	7,410	7,332
<b>Vantage Oncology, LLC(11)</b>	Outpatient Radiation Oncology Treatment Centers	9.5% Secured Debt (Maturity June 5, 2017)	7,000	7,000	6,790

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
Virtex Enterprises, LP(10)	Specialty, Full-Service Provider of Complex Electronic Manufacturing Services	12% Secured Debt (Maturity December 27, 2018)	1,667	1,479	1,479
		Preferred Class A Units (14 units; 5% cumulative)(8)		344	344
		Warrants (11 equivalent units)		186	186
				2,009	2,009
Vision Solutions, Inc.(11)	Provider of Information Availability Software	LIBOR Plus 8.00% (Floor 1.50%), Current Coupon 9.50%, Secured Debt (Maturity July 23, 2017)(9)	5,000	4,941	4,872
Western Dental Services, Inc.(11)	Dental Care Services	LIBOR Plus 5.00% (Floor 1.00%), Current Coupon 6.00%, Secured Debt (Maturity November 1, 2018)(9)	5,395	5,391	5,153
Wilton Brands LLC(11)	Specialty Housewares Retailer	LIBOR Plus 6.25% (Floor 1.25%), Current Coupon 7.50%, Secured Debt (Maturity August 30, 2018)(9)	1,750	1,727	1,636
Worley Claims Services, LLC(10)	Insurance Adjustment Management and Services Provider	LIBOR Plus 8.00% (Floor 1.00%), Current Coupon 9.00%, Secured Debt (Maturity October 31, 2020)(9)	6,500	6,437	6,533
Zilliant Incorporated	Price Optimization and Margin Management Solutions	Warrants (952,500 equivalent shares)		1,071	1,071
<b>Subtotal Non-Control/Non-Affiliate Investments (51.8% of total investments at fair value)</b>				832,312	814,809
<b>Total Portfolio Investments, December 31, 2014</b>				1,441,402	1,563,330

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## MAIN STREET CAPITAL CORPORATION

## CONSOLIDATED SCHEDULE OF INVESTMENTS (Continued)

December 31, 2014

(in thousands)

Portfolio Company(1)	Business Description	Type of Investment(2)(3)	Principal(4)	Cost(4)	Fair Value
<b>Marketable Securities and Idle Funds Investments</b>					
Solar Senior Capital Ltd.(13)(15)	Business Development Company	Common Stock (39,000 shares)(8)		742	584
<b>Other Marketable Securities and Idle Funds Investments(13)(15)</b>	Investments in Marketable Securities and Diversified, Registered Bond Funds			9,862	8,483
<b>Subtotal Marketable Securities and Idle Funds Investments (0.6% of total investments at fair value)</b>				10,604	9,067
<b>Total Investments, December 31, 2014</b>				\$ 1,452,006	\$ 1,572,397

- (1) All investments are Lower Middle Market portfolio investments, unless otherwise noted. All of the Company's investments, unless otherwise noted, are encumbered either as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (2) Debt investments are income producing, unless otherwise noted. Equity and warrants are non-income producing, unless otherwise noted.
- (3) See Note C for summary geographic location of portfolio companies.
- (4) Principal is net of prepayments. Cost is net of prepayments and accumulated unearned income.
- (5) Control investments are defined by the Investment Company Act of 1940, as amended ("1940 Act") as investments in which more than 25% of the voting securities are owned or where the ability to nominate greater than 50% of the board representation is maintained.
- (6) Affiliate investments are defined by the 1940 Act as investments in which between 5% and 25% of the voting securities are owned and the investments are not classified as Control investments.
- (7) Non-Control/Non-Affiliate investments are defined by the 1940 Act as investments that are neither Control investments nor Affiliate investments.
- (8) Income producing through dividends or distributions.
- (9) Index based floating interest rate is subject to contractual minimum interest rate.
- (10)

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Private Loan portfolio investment. See Note B for a summary of Private Loan portfolio investments.

- (11) Middle Market portfolio investment. See Note B for a summary of Middle Market portfolio investments.
- (12) Other Portfolio investment. See Note B for a summary of Other Portfolio investments.
- (13) Investment is not a qualifying asset as defined under Section 55(a) of the 1940 Act. Qualifying assets must represent at least 70% of total assets at the time of acquisition of any additional non-qualifying assets.
- (14) Non-accrual and non-income producing investment.
- (15) Marketable securities and idle fund investments.
- (16) External Investment Manager. Investment is not encumbered as security for the Company's Credit Agreement or in support of the SBA-guaranteed debentures issued by the Funds.
- (17) Maturity date is under on-going negotiations with the portfolio company and other lenders, if applicable.
- (18) Portfolio company is in a bankruptcy process and, as such, the maturity date of our debt investments in this portfolio company will not be finally determined until such process is complete. As noted in footnote (14), our debt investments in this portfolio company are on non-accrual status.

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**MAIN STREET CAPITAL CORPORATION**

**Notes to Consolidated Financial Statements**

**(Unaudited)**

**NOTE A ORGANIZATION AND BASIS OF PRESENTATION**

**1. Organization**

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSCC wholly owns several investment funds, including, but not limited to, Main Street Mezzanine Fund, LP ("MSMF") and Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees but instead incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the "External Investment Manager") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries ("External Parties") and receive fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser ("RIA") under Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since the External Investment Manager conducts all of its investment management activities for parties outside of MSCC and its consolidated subsidiaries or their portfolio companies, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes. The External Investment Manager is also a direct wholly owned subsidiary that has elected to be a taxable entity. The Taxable Subsidiaries and the External Investment Manager are each taxed at their normal corporate tax rates based on their taxable income.



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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

**2. Basis of Presentation**

Main Street's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, Main Street's consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of Main Street's investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, and the investment in the External Investment Manager, but excludes all "Marketable securities and idle funds investments" (see Note C Fair Value Hierarchy for Investments and Debentures Portfolio Composition Portfolio Investment Composition for additional discussion of Main Street's Investment Portfolio and definitions for the terms LMM, Middle Market, Private Loan and Other Portfolio). "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on Main Street's consolidated balance sheets and consolidated schedules of investments due to the nature of such investments (see Note B.11.). Main Street's results of operations for the three months ended March 31, 2015 and 2014, cash flows for the three months ended March 31, 2015 and 2014, and financial position as of March 31, 2015 and December 31, 2014, are presented on a consolidated basis. The effects of all intercompany transactions between Main Street and its consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform to the current presentation, including reclassifying the expenses charged to the External Investment Manager.

The accompanying unaudited consolidated financial statements of Main Street are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2015 and 2014 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and Accounting Standards Codification ("Codification" or "ASC") 946, *Financial Services Investment Companies* ("ASC 946"), Main Street is precluded from consolidating other entities in which Main Street has equity investments, including those in which it has a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if Main Street holds a controlling interest in an operating company that provides all or substantially all of its services directly to Main Street or to its portfolio companies. According, as noted above, MSCC's consolidated financial statements include the financial position and operating results for the Funds and the Taxable

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

Subsidiaries. MSCC's consolidated financial statements also include the financial position and operating results for MSCC's wholly owned operating subsidiary, Main Street Capital Partners, LLC, ("MSCP"), as the wholly owned subsidiary provides all of its services directly or indirectly to Main Street or its portfolio companies. Main Street has determined that all of its portfolio investments do not qualify for this exception, including the investment in the External Investment Manager. Therefore, Main Street's Investment Portfolio is carried on the consolidated balance sheet at fair value, as discussed further in Note B, with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

***Portfolio Investment Classification***

Main Street classifies its Investment Portfolio in accordance with the requirements of the 1940 Act. Under the 1940 Act, (a) "Control Investments" are defined as investments in which Main Street owns more than 25% of the voting securities or has rights to maintain greater than 50% of the board representation, (b) "Affiliate Investments" are defined as investments in which Main Street owns between 5% and 25% of the voting securities and does not have rights to maintain greater than 50% of the board representation, and (c) "Non-Control/Non-Affiliate Investments" are defined as investments that are neither Control Investments nor Affiliate Investments.

**NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Valuation of the Investment Portfolio**

Main Street accounts for its Investment Portfolio at fair value. As a result, Main Street follows the provisions of the Financial Accounting Standards Board ("FASB") ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. ASC 820 requires Main Street to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Main Street's portfolio strategy calls for it to invest primarily in illiquid debt and equity securities issued by private, LMM companies and more liquid debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. Main Street categorizes some of its investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in its LMM portfolio or Middle Market portfolio. Main Street's portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for its LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Main Street's portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

investments may include investments which have no established trading market or have established markets that are not active. Main Street determines in good faith the fair value of its Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by its Board of Directors and in accordance with the 1940 Act. Main Street's valuation policies and processes are intended to provide a consistent basis for determining the fair value of Main Street's Investment Portfolio.

For LMM portfolio investments, Main Street generally reviews external events, including private mergers, sales and acquisitions involving comparable companies, and includes these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for its LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for its LMM debt investments. For Middle Market portfolio investments, Main Street primarily uses quoted prices in the valuation process. Main Street determines the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on its understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For its Other Portfolio equity investments, Main Street generally calculates the fair value of the investment primarily based on the net asset value ("NAV") of the fund. All of the valuation approaches for Main Street's portfolio investments estimate the value of the investment as if Main Street were to sell, or exit, the investment as of the measurement date.

These valuation approaches consider the value associated with Main Street's ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which Main Street has a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which Main Street does not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, Main Street estimates the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then performs a waterfall calculation by using the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, Main Street analyzes various factors including the portfolio company's historical and projected financial results. The operating results of a

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**MAIN STREET CAPITAL CORPORATION**

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

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portfolio company may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in its determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, Main Street also analyzes the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, Main Street allocates the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, Main Street assumes the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which Main Street believes is consistent with its past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, Main Street also uses the income approach to determine the fair value of debt securities based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of the portfolio investments. Main Street's estimate of the expected repayment date of its debt securities is generally the legal maturity date of the instrument, as Main Street generally intends to hold its loans and debt securities to maturity. The Yield-to-Maturity analysis also considers changes in leverage levels, credit quality, portfolio company performance and other factors. Main Street will generally use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of Main Street's general intent to hold its loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that Main Street uses to estimate the fair value of its debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, Main Street may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, Main Street measures the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date. However, in determining the fair value of the investment, Main Street may consider whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of Main Street's investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding Main Street's ability to realize the full NAV of its interests in the investment fund.

Pursuant to its internal valuation process and the requirements under the 1940 Act, Main Street performs valuation procedures on each of its portfolio investments quarterly. In addition to its internal valuation process, in arriving at estimates of fair value for its investments in its LMM portfolio companies, Main Street, among other things, consults with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm is generally consulted relative to Main Street's investments in each LMM portfolio company at least once every calendar year, and for Main Street's investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, Main Street

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

may determine that it is not cost-effective, and as a result is not in its stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on its investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of Main Street's investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. Main Street consulted with its independent financial advisory services firm in arriving at Main Street's determination of fair value on its investments in a total of 15 LMM portfolio companies for the three months ended March 31, 2015, representing approximately 23% of the total LMM portfolio at fair value as of March 31, 2015, and on a total of 17 LMM portfolio companies for the three months ended March 31, 2014, representing approximately 29% of the total LMM portfolio at fair value as of March 31, 2014. Excluding investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of March 31, 2015 and 2014, as applicable, and investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, the percentage of the LMM portfolio reviewed by the independent financial advisory services firm for the three months ended March 31, 2015 and 2014 was 27% and 32% of the total LMM portfolio at fair value as of March 31, 2015 and 2014, respectively.

For valuation purposes, all of Main Street's Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, Main Street uses observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of Main Street's Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of Main Street's Other Portfolio investments are non-control investments. Main Street's Other Portfolio investments comprised approximately 3.4% and 3.8%, respectively, of Main Street's Investment Portfolio at fair value as of March 31, 2015 and December 31, 2014. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For its Other Portfolio equity investments, Main Street generally determines the fair value of its investments using the NAV valuation method. For Other Portfolio debt investments, Main Street generally determines the fair value of these investments through obtaining third-party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value. For Other Portfolio debt investments for which it has determined that third-party quotes or other independent pricing are not available or appropriate, Main Street generally estimates the fair value based on the assumptions that it believes hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

For valuation purposes, Main Street's investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, Main Street analyzes various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market multiples. This valuation approach estimates the value of the investment as if Main Street were to sell, or exit, the investment. In addition, Main Street considers the value associated with Main Street's ability to control the capital structure of the company, as well as the timing of a potential exit.

Due to the inherent uncertainty in the valuation process, Main Street's determination of fair value for its Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. Main Street determines the fair value of each individual investment and records changes in fair value as unrealized appreciation or depreciation.

Main Street uses a standard internal portfolio investment rating system in connection with its investment oversight, portfolio management and analysis and investment valuation procedures for its LMM portfolio companies. This system takes into account both quantitative and qualitative factors of the LMM portfolio company and the investments held therein.

The Board of Directors of Main Street has the final responsibility for overseeing, reviewing and approving, in good faith, Main Street's determination of the fair value for its Investment Portfolio, as well as its valuation procedures, consistent with 1940 Act requirements. Main Street believes its Investment Portfolio as of March 31, 2015 and December 31, 2014 approximates fair value as of those dates based on the markets in which Main Street operates and other conditions in existence on those reporting dates.

**2. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from these estimates under different conditions or assumptions. Additionally, as explained in Note B.1., the financial statements include investments in the Investment Portfolio whose values have been estimated by Main Street with the oversight, review and approval by Main Street's Board of Directors in the absence of readily ascertainable market values. Because of the inherent uncertainty of the Investment Portfolio valuations, those estimated values may differ significantly from the values that would have been determined had a readily available market for the investments existed, and it is reasonably possible that the differences could be material.

**3. Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investments with an original maturity of three months or less at the date of purchase. Cash and cash equivalents are carried at cost, which approximates fair value.

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**MAIN STREET CAPITAL CORPORATION**

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

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At March 31, 2015, cash balances totaling \$19.7 million exceeded FDIC insurance protection levels, subjecting the Company to risk related to the uninsured balance. All of the Company's cash deposits are held at large, established, high credit quality financial institutions and management believes that the risk of loss associated with any uninsured balances is remote.

**4. Marketable Securities and Idle Funds Investments**

Marketable securities and idle funds investments include intermediate-term secured debt investments, independently rated debt investments and publicly traded debt and equity investments. See the consolidated schedule of investments for more information on Marketable securities and idle funds investments.

**5. Interest, Dividend and Fee Income (Structuring and Advisory Services)**

Main Street records interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with Main Street's valuation policy, Main Street evaluates accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if Main Street otherwise does not expect the debtor to be able to service all of its debt or other obligations, Main Street will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is fully impaired, sold or written off, Main Street removes it from non-accrual status.

Main Street holds certain debt and preferred equity instruments in its Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed in Note B.9. below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the PIK interest and cumulative dividends in cash. Main Street stops accruing PIK interest and cumulative dividends and writes off any accrued and uncollected interest and dividends in arrears when it determines that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2015 and 2014, (i) approximately 2.2% and 5.4%, respectively, of Main Street's total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.0% and 1.2%, respectively, of Main Street's total investment income was attributable to cumulative dividend income not paid currently in cash.

As of March 31, 2015, Main Street's total Investment Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.2% of its fair value and 3.9% of its cost, and no fully impaired investments. As of December 31, 2014, Main Street's total Investment

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.7% of its fair value and 4.7% of its cost, and no fully impaired investments.

Main Street may periodically provide services, including structuring and advisory services, to its portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into interest income over the life of the financing.

A presentation of the investment income Main Street received from its Investment Portfolio in each of the periods presented is as follows:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(dollars in thousands)</b>	
Interest, fee and dividend income:		
Interest income	\$ 30,067	\$ 25,734
Dividend income	5,136	4,044
Fee income	1,602	791
<b>Total interest, fee and dividend income</b>	<b>\$ 36,805</b>	<b>\$ 30,569</b>

**6. Deferred Financing Costs**

Deferred financing costs include SBIC debenture commitment fees and SBIC debenture leverage fees on the SBIC debentures which are not accounted for under the fair value option under ASC 825 (as discussed further in Note B.11.). These fees are approximately 3.4% of the total commitment and draw amounts, as applicable. These deferred financing costs have been capitalized and are being amortized into interest expense over the ten year term of each debenture agreement.

Deferred financing costs also include commitment fees and other costs related to Main Street's multi-year investment credit facility (the "Credit Facility", as discussed further in Note F) and its notes (as discussed further in Note G). These costs have been capitalized and are amortized into interest expense over the term of the individual instrument.

**7. Unearned Income Debt Origination Fees and Original Issue Discount and Discounts / Premiums to Par Value**

Main Street capitalizes debt origination fees received in connection with financings and reflects such fees as unearned income netted against the applicable debt investments. The unearned income from the fees is accreted into interest income based on the effective interest method over the life of the financing.

In connection with its portfolio debt investments, Main Street sometimes receives nominal cost warrants ("nominal cost equity") that are valued as part of the negotiation process with the particular portfolio company. When Main Street receives nominal cost equity, Main Street allocates its cost basis in its investment between its debt security and its nominal cost equity at the time of origination based on amounts negotiated with the particular portfolio company. The allocated amounts are based upon the fair value of the nominal cost equity, which is then used to determine the allocation of cost to the



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

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debt security. Any discount recorded on a debt investment resulting from this allocation is reflected as unearned income, which is netted against the applicable debt investment, and accreted into interest income based on the effective interest method over the life of the debt investment. The actual collection of this interest is deferred until the time of debt principal repayment.

Main Street may also purchase debt securities at a discount or at a premium to the par value of the debt security. In the case of a purchase at a discount, Main Street records the investment at the par value of the debt security net of the discount, and the discount is accreted into interest income based on the effective interest method over the life of the debt investment. In the case of a purchase at a premium, Main Street records the investment at the par value of the debt security plus the premium, and the premium is amortized as a reduction to interest income based on the effective interest method over the life of the debt investment.

To maintain RIC tax treatment (as discussed below in Note B.9.), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though Main Street may not have collected the interest income. For the three months ended March 31, 2015 and 2014, approximately 2.8% and 4.0%, respectively, of Main Street's total investment income was attributable to interest income for the accretion of discounts associated with debt investments, net of any premium reduction.

**8. Share-Based Compensation**

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, Main Street measures the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

**9. Income Taxes**

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% U.S. Federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the U.S. federal income tax return for the applicable fiscal year.

The Taxable Subsidiaries hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of

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their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in Main Street's consolidated financial statements.

As previously discussed (see above in Note A.2.), MSCC's wholly owned subsidiary MSCP is included in Main Street's consolidated financial statements for financing reporting purposes. For tax purposes, MSCP has elected to be treated as a taxable entity, and therefore is not consolidated with MSCC for income tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The taxable income, or loss, of MSCP may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in Main Street's consolidated financial statements.

The Taxable Subsidiaries and MSCP use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

**10. Net Realized Gains or Losses and Net Change in Unrealized Appreciation or Depreciation**

Realized gains or losses are measured by the difference between the net proceeds from the sale or redemption of an investment or a financial instrument and the cost basis of the investment or financial instrument, without regard to unrealized appreciation or depreciation previously recognized, and includes investments written-off during the period net of recoveries and realized gains or losses from in-kind redemptions. Net change in unrealized appreciation or depreciation reflects the net change in the fair value of the Investment Portfolio and financial instruments and the reclassification of any prior period unrealized appreciation or depreciation on exited investments and financial instruments to realized gains or losses.

**11. Fair Value of Financial Instruments**

Fair value estimates are made at discrete points in time based on relevant information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Main Street believes that the carrying amounts of its financial instruments, consisting of cash and cash equivalents, receivables, payables and other liabilities approximate the fair values of such items due to the short term nature of these instruments. Marketable securities and idle funds investments may include investments in certificates of deposit, U.S. government agency securities, independently rated debt investments, diversified bond funds and publicly traded debt and equity investments and the fair value determination for these investments under the provisions of ASC 820 generally consists of Level 1 and 2 observable inputs, similar in nature to those discussed further in Note C.

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

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As part of Main Street's acquisition of the majority of the equity interests of MSC II in January 2010 (the "MSC II Acquisition"), Main Street elected the fair value option under ASC 825, *Financial Instruments* ("ASC 825") relating to accounting for debt obligations at their fair value, for the MSC II SBIC debentures acquired (the "Acquired Debentures") as part of the acquisition accounting related to the MSC II Acquisition and values those obligations as discussed further in Note C. In order to provide for a more consistent basis of presentation, Main Street has continued to elect the fair value option for SBIC debentures issued by MSC II subsequent to the MSC II Acquisition. When the fair value option is elected for a given SBIC debenture, the deferred loan costs associated with the debenture are fully expensed in the current period to "Net Change in Unrealized Appreciation (Depreciation) SBIC debentures" as part of the fair value adjustment. Interest incurred in connection with SBIC debentures which are valued at fair value is included in interest expense.

**12. Earnings per Share**

Basic and diluted per share calculations are computed utilizing the weighted-average number of shares of common stock outstanding for the period. In accordance with ASC 260, *Earnings Per Share*, the unvested shares of restricted stock awarded pursuant to Main Street's equity compensation plans are participating securities and are included in the basic earnings per share calculation. As a result, for all periods presented, there is no difference between diluted earnings per share and basic earnings per share amounts.

**13. Recently Issued or Adopted Accounting Standards**

In May 2014, the FASB issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-9 supersedes the revenue recognition requirements under ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that 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 an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. The FASB tentatively decided to defer the effective date of the new revenue standard for public entities under U.S. GAAP for one year. If finalized, the new guidance will be effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Early adoption would be permitted for annual reporting periods beginning after December 15, 2016. Main Street is currently evaluating the impact the adoption of this new accounting standard will have on its financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. It is effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted.

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

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The new guidance will be applied retrospectively to each prior period presented. The impact of the adoption of this new accounting standard on Main Street's consolidated financial statements is currently being evaluated.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by Main Street as of the specified effective date. Main Street believes that the impact of recently issued standards and any that are not yet effective will not have a material impact on its financial statements upon adoption.

**NOTE C FAIR VALUE HIERARCHY FOR INVESTMENTS AND DEBENTURES PORTFOLIO COMPOSITION**

ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. Main Street accounts for its investments at fair value.

**Fair Value Hierarchy**

In accordance with ASC 820, Main Street has categorized its investments based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical investments (Level 1) and the lowest priority to unobservable inputs (Level 3).

Investments recorded on Main Street's balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 Investments whose values are based on unadjusted quoted prices for identical assets in an active market that Main Street has the ability to access (examples include investments in active exchange-traded equity securities and investments in most U.S. government and agency securities).

Level 2 Investments whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment. Level 2 inputs include the following:

Quoted prices for similar assets in active markets (for example, investments in restricted stock);

Quoted prices for identical or similar assets in non-active markets (for example, investments in thinly traded public companies);

Pricing models whose inputs are observable for substantially the full term of the investment (for example, market interest rate indices); and

Pricing models whose inputs are derived principally from, or corroborated by, observable market data through correlation or other means for substantially the full term of the investment.

Level 3 Investments whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement (for example, investments in illiquid securities issued by private companies). These inputs reflect

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management's own assumptions about the assumptions a market participant would use in pricing the investment.

As required by ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a Level 3 fair value measurement may include inputs that are observable (Levels 1 and 2) and unobservable (Level 3). Therefore, unrealized appreciation and depreciation related to such investments categorized within the Level 3 tables below may include changes in fair value that are attributable to both observable inputs (Levels 1 and 2) and unobservable inputs (Level 3). Main Street conducts reviews of fair value hierarchy classifications on a quarterly basis. During the classification process, Main Street may determine that it is appropriate to transfer investments between fair value hierarchy Levels. These transfers occur when Main Street has concluded that it is appropriate for the classification of an individual asset to be changed due to a change in the factors used to determine the selection of the Level. Any such changes are deemed to be effective during the quarter in which the transfer occurs.

As of March 31, 2015 and December 31, 2014, all except for one of Main Street's LMM portfolio investments consisted of illiquid securities issued by private companies. The remaining investment was a publicly traded equity security. As a result, the fair value determination for the LMM portfolio investments primarily consisted of unobservable inputs. The fair value determination for the publicly traded equity security consisted of observable inputs in non-active markets for which sufficient observable inputs were available to determine the fair value. As a result, all of Main Street's LMM portfolio investments were categorized as Level 3 as of March 31, 2015 and December 31, 2014, except for the one publicly traded equity security which was categorized as Level 2.

As of March 31, 2015 and December 31, 2014, Main Street's Middle Market portfolio investments consisted primarily of investments in secured and unsecured debt investments and independently rated debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Middle Market portfolio investments were categorized as Level 3 as of March 31, 2015 and December 31, 2014.

As of March 31, 2015 and December 31, 2014, Main Street's Private Loan portfolio investments primarily consisted of investments in interest-bearing secured debt investments. The fair value determination for these investments consisted of a combination of observable inputs in non-active markets for which sufficient observable inputs were not available to determine the fair value of these investments and unobservable inputs. As a result, all of Main Street's Private Loan portfolio investments were categorized as Level 3 as of March 31, 2015 and December 31, 2014.

As of March 31, 2015 and December 31, 2014, Main Street's Other Portfolio investments consisted of illiquid securities issued by private companies. The fair value determination for these investments primarily consisted of unobservable inputs. As a result, all of Main Street's Other Portfolio investments were categorized as Level 3 as of March 31, 2015 and December 31, 2014.

As of March 31, 2015 and December 31, 2014, Main Street's Marketable securities and idle funds investments consisted primarily of investments in publicly traded debt and equity investments. The fair value determination for these investments consisted of a combination of observable inputs in active markets for which sufficient observable inputs were available to determine the fair value of these

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investments. As a result, all of Main Street's Marketable securities and idle funds investments were categorized as Level 1 as of March 31, 2015 and December 31, 2014.

The fair value determination of each portfolio investment categorized as Level 3 required one or more of the following unobservable inputs:

Financial information obtained from each portfolio company, including unaudited statements of operations and balance sheets for the most recent period available as compared to budgeted numbers;

Current and projected financial condition of the portfolio company;

Current and projected ability of the portfolio company to service its debt obligations;

Type and amount of collateral, if any, underlying the investment;

Current financial ratios (e.g., fixed charge coverage ratio, interest coverage ratio and net debt/EBITDA ratio) applicable to the investment;

Current liquidity of the investment and related financial ratios (e.g., current ratio and quick ratio);

Pending debt or capital restructuring of the portfolio company;

Projected operating results of the portfolio company;

Current information regarding any offers to purchase the investment;

Current ability of the portfolio company to raise any additional financing as needed;

Changes in the economic environment which may have a material impact on the operating results of the portfolio company;

Internal occurrences that may have an impact (both positive and negative) on the operating performance of the portfolio company;

Qualitative assessment of key management;

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Contractual rights, obligations or restrictions associated with the investment; and

Other factors deemed relevant.

The significant unobservable inputs used in the fair value measurement of Main Street's LMM equity securities, which are generally valued through an average of the discounted cash flow technique and the market comparable/enterprise value technique (unless one of these approaches is determined to not be appropriate), are (i) EBITDA multiples and (ii) the weighted-average cost of capital ("WACC"). Significant increases (decreases) in EBITDA multiple inputs in isolation would result in a significantly higher (lower) fair value measurement. On the contrary, significant increases (decreases) in WACC inputs in isolation would result in a significantly lower (higher) fair value measurement. The significant unobservable inputs used in the fair value measurement of Main Street's LMM, Middle Market, Private Loan and Other Portfolio debt securities are (i) risk adjusted discount rates used in the Yield-to-Maturity valuation technique (described in Note B.1. Valuation of the Investment Portfolio) and (ii) the percentage of expected principal recovery. Significant increases (decreases) in any of these discount rates in isolation would result in a significantly lower (higher) fair value measurement. Significant increases (decreases) in any of these expected principal recovery percentages in isolation

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## Notes to Consolidated Financial Statements (Continued)

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would result in a significantly higher (lower) fair value measurement. However, due to the nature of certain investments, fair value measurements may be based on other criteria, such as third-party appraisals of collateral and fair values as determined by independent third parties, which are not presented in the tables below.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of March 31, 2015:

Type of Investment	Fair Value as of March 31, 2015 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)
Equity investments	\$ 446,984	Discounted cash flow Market comparable / Enterprise Value	Weighted average cost of capital	11.5% - 23.7%	14.2%
			EBITDA multiple(1)	4.0x - 7.3x(2)	6.3x
Debt investments	\$ 607,731	Discounted cash flow	Risk adjusted discount factor	8.0% - 15.5%(2)	11.9%
			Expected principal recovery percentage	42.0% - 100.0%	99.5%
Debt investments	\$ 675,778	Market approach	Third party quote	53.4 - 103.5	
Total Level 3 investments	\$ 1,730,493				

- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 17.5x and the range for risk adjusted discount factor is 6.0% - 25.3%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 portfolio investments as of December 31, 2014:

Type of Investment	Fair Value as of December 31, 2014 (in thousands)	Valuation Technique	Significant Unobservable Inputs	Range(3)	Weighted Average(3)
Equity investments	\$ 407,569	Discounted cash flow Market comparable / Enterprise Value	Weighted average cost of capital	11.4% - 23.4%	13.9%
			EBITDA multiple(1)	4.0x - 7.8x(2)	6.4x
Debt investments	\$ 557,604	Discounted cash flow	Risk adjusted discount factor	7.5% - 15.8%(2)	12.1%
			Expected principal recovery percentage	42.0% - 100.0%	99.3%



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Debt investments	\$	589,677	Market approach	Third party quote	60.1 - 102.3
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Total Level 3 investments	\$	1,554,850
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- (1) EBITDA may include proforma adjustments and/or other addbacks based on specific circumstances related to each investment.
- (2) Range excludes outliers that are greater than one standard deviation from the mean. Including these outliers, the range for EBITDA multiple is 4.0x - 17.5x and the range for risk adjusted discount factor is 6.0% - 32.0%.
- (3) Does not include investments for which the valuation technique does not include the use of the applicable fair value input.

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The following table provides a summary of changes in fair value of Main Street's Level 3 portfolio investments for the three months ended March 31, 2015 (amounts in thousands). Net unrealized appreciation (depreciation) is included in the Net change in unrealized appreciation (depreciation) portfolio investments on the consolidated statements of operations.

Type of Investment	Fair Value as of December 31, 2014	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2015
Debt	1,147,281		(145,175)	283,801	3,796	(1,512)	(4,682)	1,283,509
Equity	391,933		(5,950)	24,030	354	15,347	4,435	430,149
Equity Warrant	15,636		(449)	1,400	449	(201)		16,835
	1,554,850		(151,574)	309,231	4,599	13,634	(247)	1,730,493

(1) Includes the impact of non-cash conversions.

The following table provides a summary of changes in fair value of Main Street's Level 3 portfolio investments for the three months ended March 31, 2014 (amounts in thousands). All transfers that occurred between fair value hierarchy levels during the three months ended March 31, 2014 were transfers out of Level 2 into Level 3. Net unrealized appreciation (depreciation) is included in the Net change in unrealized appreciation (depreciation) portfolio investments on the consolidated statements of operations.

Type of Investment	Fair Value as of December 31, 2013	Transfers Into Level 3 Hierarchy	Redemptions/ Repayments	New Investments	Net Changes from Unrealized to Realized	Net Unrealized Appreciation (Depreciation)	Other(1)	Fair Value as of March 31, 2014
Debt	897,568	55,102	(103,179)	128,183	184	(2,459)	17	975,416
Equity	270,764		(393)	3,972	4	11,098		285,445
Equity Warrant	36,558			297		(1,776)	(17)	35,062
	1,204,890	55,102	(103,572)	132,452	188	6,863		1,295,923

(1) Includes the impact of non-cash conversions.

As of March 31, 2015 and December 31, 2014, the fair value determination for the SBIC debentures recorded at fair value primarily consisted of unobservable inputs. As a result, the SBIC debentures which are recorded at fair value were categorized as Level 3. Main Street determines the fair value of these instruments primarily using a Yield-to-Maturity approach that analyzes the discounted cash flows of interest and principal for each SBIC debenture recorded at fair value based on estimated market interest rates for debt instruments of similar structure,

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terms, and maturity. Main Street's estimate of the expected repayment date of principal for each SBIC debenture recorded at fair value is the legal maturity date of the instrument.

The significant unobservable inputs used in the fair value measurement of Main Street's SBIC debentures recorded at fair value are the estimated market interest rates used to fair value each debenture using the yield valuation technique described above. Significant increases (decreases) in the Yield-to-Maturity valuation inputs in isolation would result in a significantly lower (higher) fair value measurement.

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The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of March 31, 2015 (amounts in thousands):

Type of Instrument	Fair Value as of March 31, 2015	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	\$ 73,674	Discounted cash flow	Estimated market interest rates	4.6% - 5.7%	5.1%

The following table provides a summary of the significant unobservable inputs used to fair value Main Street's Level 3 SBIC debentures as of December 31, 2014 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2014	Valuation Technique	Significant Unobservable Inputs	Range	Weighted Average
SBIC debentures	\$ 72,981	Discounted cash flow	Estimated market interest rates	4.6% - 6.0%	5.3%

The following table provides a summary of changes for the Level 3 SBIC debentures recorded at fair value for the three months ended March 31, 2015 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2014	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of March 31, 2015
SBIC debentures at fair value	\$ 72,981	\$	\$	\$ 693	\$ 73,674

The following table provides a summary of changes for the Level 3 SBIC debentures recorded at fair value for the three months ended March 31, 2014 (amounts in thousands):

Type of Instrument	Fair Value as of December 31, 2013	Repayments	New SBIC Debentures	Net Unrealized (Appreciation) Depreciation	Fair Value as of March 31, 2014
SBIC Debentures at fair value	\$ 62,050	\$	\$	\$ 1,189	\$ 63,239

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At March 31, 2015 and December 31, 2014, Main Street's investments and SBIC debentures at fair value were categorized as follows in the fair value hierarchy for ASC 820 purposes:

	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>At March 31, 2015</b>				
LMM portfolio investments	\$ 778,300	\$	\$ 6,830	\$ 771,470
Middle Market portfolio investments	627,762			627,762
Private Loan portfolio investments	247,742			247,742
Other Portfolio investments	58,679			58,679
External Investment Manager	24,840			24,840
Total portfolio investments	1,737,323		6,830	1,730,493
Marketable securities and idle funds investments	9,948	9,948		
Total investments	\$ 1,747,271	\$ 9,948	\$ 6,830	\$ 1,730,493
SBIC debentures at fair value	\$ 73,674	\$	\$	\$ 73,674

	Fair Value	Fair Value Measurements (in thousands)		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>At December 31, 2014</b>				
LMM portfolio investments	\$ 733,191	\$	\$ 8,480	\$ 724,711
Middle Market portfolio investments	542,688			542,688
Private Loan portfolio investments	213,015			213,015
Other Portfolio investments	58,856			58,856
External Investment Manager	15,580			15,580
Total portfolio investments	1,563,330		8,480	1,554,850
Marketable securities and idle funds investments	9,067	9,067		
Total investments	\$ 1,572,397	\$ 9,067	\$ 8,480	\$ 1,554,850

SBIC debentures at fair value	\$	72,981	\$	\$	72,981
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**Investment Portfolio Composition**

Main Street's lower middle market ("LMM") portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Main Street's LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and its LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

the assets of the portfolio company, primarily bear interest at fixed rates, and generally have a term of between five and seven years from the original investment date. In most LMM portfolio investments, Main Street receives nominally priced equity warrants and/or makes direct equity investments in connection with a debt investment.

Main Street's middle market ("Middle Market") portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in Main Street's LMM portfolio. Main Street's Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and its Middle Market investments generally range in size from \$3 million to \$15 million. Main Street's Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's Private Loan ("Private Loan") portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in its LMM portfolio or its Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Main Street's Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Main Street's other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, Main Street may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Main Street's external asset management business is conducted through its External Investment Manager. Main Street has entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, Main Street provides management and other services to the External Investment Manager, as well as access to Main Street's employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, Main Street began charging the External Investment Manager the cost for these services. Main Street's total expenses for the three months ended March 31, 2015 and 2014 are net of expenses of \$0.8 million and \$0.3 million, respectively, charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

Investment income, consisting of interest, dividends and fees, can fluctuate dramatically due to various factors, including the level of new investment activity, repayments of debt investments or sales of equity interests. Investment income in any given year could also be highly concentrated among several portfolio companies. For the three months ended March 31, 2015 and 2014, Main Street did not record investment income from any single portfolio company in excess of 10% of total investment income.

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

The following tables provide a summary of Main Street's investments in the LMM, Middle Market and Private Loan portfolios as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2015		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	68	89	37
Fair value	\$ 778.3	\$ 627.8	\$ 247.7
Cost	\$ 640.7	\$ 642.8	\$ 261.8
% of total investments at cost debt	70.3%	99.1%	96.1%
% of total investments at cost equity	29.7%	0.9%	3.9%
% of debt investments at cost secured by first priority lien	89.8%	85.2%	87.2%
Weighted-average annual effective yield(b)	13.1%	7.9%	9.9%
Average EBITDA(c)	\$ 5.4	\$ 95.8	\$ 12.1

- (a) At March 31, 2015, Main Street had equity ownership in approximately 94% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 36%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2015, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude three LMM portfolio companies, one Middle Market portfolio company and five Private Loan portfolio companies as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies.



Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)****As of December 31, 2014**

	<b>LMM(a)</b>	<b>Middle Market</b>	<b>Private Loan</b>
	<b>(dollars in millions)</b>		
Number of portfolio companies	66	86	31
Fair value	\$ 733.2	\$ 542.7	\$ 213.0
Cost	\$ 599.4	\$ 561.8	\$ 224.0
% of total investments at cost debt	71.5%	99.8%	95.6%
% of total investments at cost equity	28.5%	0.2%	4.4%
% of debt investments at cost secured by first priority lien	89.6%	85.1%	87.8%
Weighted-average annual effective yield(b)	13.2%	7.8%	10.1%
Average EBITDA(c)	\$ 5.0	\$ 77.2	\$ 18.1

- (a) As of December 31, 2014, Main Street had equity ownership in approximately 95% of its LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 35%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude two LMM portfolio companies, one Middle Market portfolio company and five Private Loan portfolio companies as EBITDA is not a meaningful valuation metric for Main Street's investments in these portfolio companies.

As of March 31, 2015, Main Street had Other Portfolio investments in six companies, collectively totaling approximately \$58.7 million in fair value and approximately \$55.6 million in cost basis and which comprised approximately 3.4% of Main Street's Investment Portfolio at fair value. As of December 31, 2014, Main Street had Other Portfolio investments in six companies, collectively totaling approximately \$58.9 million in fair value and approximately \$56.2 million in cost basis and which comprised approximately 3.8% of Main Street's Investment Portfolio at fair value.

As discussed further in Note A.1., Main Street holds an investment in the External Investment Manager, a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2015, there was no cost basis in this investment and the investment had a fair value of \$24.8 million, which comprised 1.4% of Main Street's Investment Portfolio at fair value. As of December 31, 2014, there was no cost basis in this investment and the investment had a fair value of \$15.6 million, which comprised 1.0% of Main Street's Investment Portfolio at fair value.

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2015 and

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
First lien debt	75.6%	75.7%
Equity	11.9%	11.6%
Second lien debt	10.0%	10.0%
Equity warrants	1.4%	1.5%
Other	1.1%	1.2%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
First lien debt	67.4%	66.9%
Equity	21.4%	21.9%
Second lien debt	9.3%	9.2%
Equity warrants	1.0%	1.0%
Other	0.9%	1.0%
	100.0%	100.0%

The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States and other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments, as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Southwest	31.6%	29.6%
Northeast	21.1%	19.9%
West	16.9%	18.7%
Southeast	14.2%	15.4%
Midwest	13.7%	13.5%
Canada	0.6%	0.7%
Other Non-United States	1.9%	2.2%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Southwest	35.7%	33.7%

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Northeast	19.8%	18.3%
West	18.0%	20.4%
Midwest	12.7%	12.7%
Southeast	11.5%	12.4%
Canada	0.6%	0.6%
Other Non-United States	1.7%	1.9%
	100.0%	100.0%

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

Main Street's LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of Main Street's total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by industry at cost and fair value as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Media	7.5%	8.3%
Energy Equipment & Services	7.4%	8.3%
IT Services	6.7%	5.9%
Machinery	6.0%	6.5%
Hotels, Restaurants & Leisure	5.6%	5.6%
Software	5.5%	5.4%
Specialty Retail	4.8%	4.7%
Construction & Engineering	4.7%	5.3%
Health Care Providers & Services	4.6%	4.9%
Internet Software & Services	3.7%	1.9%
Diversified Telecommunication Services	3.6%	4.0%
Diversified Consumer Services	3.2%	2.9%
Electronic Equipment, Instruments & Components	2.4%	3.0%
Oil, Gas & Consumable Fuels	2.4%	2.5%
Pharmaceuticals	2.4%	1.8%
Food Products	2.2%	1.8%
Auto Components	2.0%	2.3%
Building Products	2.0%	1.1%
Health Care Equipment & Supplies	1.9%	2.1%
Road & Rail	1.7%	1.8%
Aerospace & Defense	1.3%	1.2%
Textiles, Apparel & Luxury Goods	1.2%	1.3%
Chemicals	1.2%	1.3%
Diversified Financial Services	1.2%	1.0%
Air Freight & Logistics	1.2%	0.9%
Leisure Equipment & Products	1.2%	0.5%
Trading Companies & Distributors	1.1%	1.2%
Professional Services	1.1%	1.1%
Commercial Services & Supplies	1.0%	1.0%
Distributors	0.9%	1.0%
Other(1)	8.3%	9.4%
	100.0%	100.0%

(1)

Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

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<b>Fair Value:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Machinery	7.4%	8.1%
Media	6.8%	7.7%
Energy Equipment & Services	6.5%	7.9%
IT Services	6.2%	5.4%
Software	5.7%	5.5%
Hotels, Restaurants & Leisure	5.6%	5.6%
Construction & Engineering	5.1%	5.5%
Specialty Retail	5.0%	4.9%
Diversified Consumer Services	4.7%	4.4%
Health Care Providers & Services	4.2%	4.4%
Internet Software & Services	4.0%	2.3%
Diversified Telecommunication Services	3.3%	3.8%
Auto Components	2.3%	2.5%
Road & Rail	2.3%	2.3%
Pharmaceuticals	2.3%	1.7%
Food Products	2.1%	1.6%
Electronic Equipment, Instruments & Components	2.0%	2.5%
Oil, Gas & Consumable Fuels	2.0%	1.9%
Health Care Equipment & Supplies	1.8%	1.9%
Building Products	1.7%	0.9%
Air Freight & Logistics	1.4%	0.8%
Aerospace & Defense	1.2%	1.1%
Diversified Financial Services	1.2%	1.0%
Textiles, Apparel & Luxury Goods	1.1%	1.2%
Chemicals	1.1%	1.2%
Leisure Equipment & Products	1.1%	0.4%
Trading Companies & Distributors	1.0%	1.1%
Commercial Services & Supplies	1.0%	1.0%
Professional Services	1.0%	1.0%
Paper & Forest Products	0.9%	1.2%
Distributors	0.9%	1.0%
Other(1)	7.1%	8.2%
	100.0%	100.0%

(1)

Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

At March 31, 2015 and December 31, 2014, Main Street had no portfolio investment that was greater than 10% of the Investment Portfolio at fair value.



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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

**NOTE D EXTERNAL INVESTMENT MANAGER**

As discussed further above in Note A.1., the External Investment Manager provides investment management and other services to External Parties. The External Investment Manager is accounted for as a portfolio investment of MSCC since the External Investment Manager conducts all of its investment management activities for parties outside of MSCC and its consolidated subsidiaries or their portfolio companies.

During May 2012, Main Street entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow it to own a registered investment adviser, Main Street assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source-of-income requirement necessary for it to maintain its RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. Based upon several fee waiver agreements with HMS Income and HMS Adviser, the External Investment Manager did not begin accruing the base management fee and incentive fees, if any, until January 1, 2014. Beginning January 1, 2015, the External Investment Manager conditionally agreed to waive a limited amount of the base management fee and incentive fees otherwise earned during the year ended December 31, 2015. During the three months ended March 31, 2015 and 2014, the External Investment Manager earned \$1.4 million and \$0.3 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

The investment in the External Investment Manager is accounted for using fair value accounting, with the fair value determined by Main Street and approved, in good faith, by Main Street's Board of Directors. Main Street determines the fair value of the External Investment Manager using the Waterfall valuation method under the market approach (see further discussion in Note B.1.). Any change in fair value of the investment in the External Investment Manager is recognized on Main Street's consolidated statement of operations in "Net Change in Unrealized Appreciation (Depreciation) Portfolio investments".

The External Investment Manager has elected, for tax purposes, to be treated as a taxable entity, is not consolidated with Main Street for income tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The External Investment Manager has elected to be treated as a taxable entity to enable it to receive fee income and to allow MSCC to continue to comply with the "source-income" requirements contained in the RIC tax provisions of the Code. The taxable income, or loss, of the External Investment Manager may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. The External Investment Manager provides for any income tax expense, or benefit, and any tax assets or liabilities in its separate financial statements.

Main Street provides services to the External Investment Manager and charges the expenses necessary to perform these services to the External Investment Manager generally based on a combination of the direct time spent, new investment origination activity and assets under management, depending on the nature of the expense. For the three months ended March 31, 2015 and 2014, Main

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Street charged \$0.8 million and \$0.3 million of total expenses, respectively, to the External Investment Manager.

Summarized financial information from the separate financial statements of the External Investment Manager as of March 31, 2015 and December 31, 2014 and for the three months ended March 31, 2015 and 2014 is as follows:

	As of March 31, 2015	As of December 31, 2014
	(in thousands)	
Cash	\$ 293	\$ 130
Accounts receivable HMS Income	1,433	1,120
<b>Total assets</b>	<b>\$ 1,726</b>	<b>\$ 1,250</b>
Accounts Payable to MSCC and subsidiaries	\$ 827	\$ 699
Dividend Payable to MSCC	399	253
Taxes Payable	500	298
<b>Equity</b>		
<b>Total liabilities and equity</b>	<b>\$ 1,726</b>	<b>\$ 1,250</b>

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
	(in thousands)	
Management fee income	\$ 1,428	\$ 291
Expenses allocated from MSCC or its subsidiaries:		
Salaries, share-based compensation and other personnel costs	(567)	(248)
Other G&A expenses	(260)	(43)
<b>Total allocated expenses</b>	<b>(827)</b>	<b>(291)</b>
Pre-tax income	601	
Tax expense	(202)	
Net income	\$ 399	\$

**NOTE E SBIC DEBENTURES**



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SBIC debentures payable were \$225.0 million at both March 31, 2015 and December 31, 2014, respectively. SBIC debentures provide for interest to be paid semi-annually, with principal due at the applicable 10-year maturity date of each debenture. The weighted-average annual interest rate on the SBIC debentures was 4.2% as of both March 31, 2015 and December 31, 2014, respectively. The first principal maturity due under the existing SBIC debentures is in 2017, and the remaining weighted-average duration as of March 31, 2015 was approximately 6.3 years. For the three months ended March 31, 2015 and 2014, Main Street recognized interest expense attributable to the SBIC debentures of \$2.5 million and \$2.0 million, respectively. Main Street has incurred upfront leverage and other miscellaneous fees of approximately 3.4% of the debenture principal amount. In accordance with SBA regulations, the Funds are precluded from incurring additional non-SBIC debt without the prior approval of the SBA. The Funds are subject to annual compliance examinations by the SBA. There have been no historical findings resulting from these examinations.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

As of March 31, 2015, the recorded value of the SBIC debentures was \$223.5 million which consisted of (i) \$73.7 million recorded at fair value, or \$1.5 million less than the \$75.2 million face value of the SBIC debentures held in MSC II, and (ii) \$149.8 million reported at face value and held in MSMF. As of March 31, 2015, if Main Street had adopted the fair value option under ASC 825 for all of its SBIC debentures, Main Street estimates the fair value of its SBIC debentures would be approximately \$209.4 million, or \$15.6 million less than the \$225.0 million face value of the SBIC debentures.

**NOTE F CREDIT FACILITY**

Main Street maintains the Credit Facility to provide additional liquidity to support its investment and operational activities. The Credit Facility includes total commitments of \$572.5 million from a diversified group of fifteen lenders and matures in September 2019. The Credit Facility also contains an accordion feature which allows Main Street to increase the total commitments under the facility up to \$650.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to Main Street's election, on a per annum basis equal to (i) the applicable LIBOR rate (0.17% as of March 31, 2015) plus 2.00%, as long as Main Street maintains an investment grade rating (or 2.25% if Main Street does not maintain an investment grade rating) or (ii) the applicable base rate (Prime Rate of 3.25% as of March 31, 2015) plus 1.00%, as long as Main Street maintains an investment grade rating (or 1.25% if Main Street does not maintain an investment grade rating). Main Street pays unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership and assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio of at least 1.5 to 1.0, and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final maturity date in September 2019, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval.

At March 31, 2015, Main Street had \$164.0 million in borrowings outstanding under the Credit Facility. Main Street recognized interest expense related to the Credit Facility, including unused commitment fees and amortization of deferred loan costs, of \$1.7 million and \$1.8 million for the three months ended March 31, 2015 and 2014, respectively. As of March 31, 2015, the interest rate on the Credit Facility was 2.2%, and Main Street was in compliance with all financial covenants of the Credit Facility.

**NOTE G NOTES**

**6.125% Notes**

In April 2013, Main Street issued \$92.0 million, including the underwriters full exercise of their option to purchase additional principal amounts to cover over-allotments, in aggregate principal amount of 6.125% Notes due 2023 (the "6.125% Notes"). The 6.125% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively

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subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at Main Street's option on or after April 1, 2018. The 6.125% Notes bear interest at a rate of 6.125% per year payable quarterly on January 1, April 1, July 1 and October 1 of each year. The total net proceeds to Main Street from the 6.125% Notes, after underwriting discounts and estimated offering expenses payable by Main Street, were approximately \$89.0 million. Main Street has listed the 6.125% Notes on the New York Stock Exchange under the trading symbol "MSCA". Main Street may from time to time repurchase the 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2015, the outstanding balance of the 6.125% Notes was \$90.8 million. Main Street recognized interest expense related to the 6.125% Notes, including amortization of deferred loan costs, of \$1.5 million for each of the three months ended March 31, 2015 and 2014, respectively.

The indenture governing the 6.125% Notes (the "6.125% Notes Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 6.125% Notes and the Trustee if Main Street ceases to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 6.125% Notes Indenture.

**4.50% Notes**

In November 2014, Main Street issued \$175.0 million in aggregate principal amount of 4.50% unsecured notes due 2019 (the "4.50% Notes") at an issue price of 99.53%. The 4.50% Notes are unsecured obligations and rank pari passu with Main Street's current and future unsecured indebtedness; senior to any of its future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of its existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under its Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of its subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in whole or in part at any time at Main Street's option subject to certain make whole provisions. The 4.50% Notes bear interest at a rate of 4.50% per year payable semi-annually on June 1 and December 1 of each year. The total net proceeds from the 4.50% Notes, resulting from the issue price and after underwriting discounts and estimated offering expenses payable by us, were approximately \$171.2 million. Main Street may from time to time repurchase the 4.50% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2015, the outstanding balance of the 4.50% Notes was \$175.0 million. Main Street recognized interest expense related to the 4.50% Notes, including amortization of deferred loan costs, of \$2.1 million for the three months ended March 31, 2015.

The indenture governing the 4.50% Notes (the "4.50% Notes Indenture") contains certain covenants, including covenants requiring Main Street's compliance with (regardless of whether Main Street is subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring Main Street to provide financial information to the holders of the 4.50% Notes and the Trustee if Main Street ceases to be subject to

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## MAIN STREET CAPITAL CORPORATION

## Notes to Consolidated Financial Statements (Continued)

(Unaudited)

the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes Indenture.

## NOTE H FINANCIAL HIGHLIGHTS

	Three Months Ended	
	March 31,	
	2015	2014
<b>Per Share Data:</b>		
NAV at the beginning of the period	\$ 20.85	\$ 19.89
Net investment income(1)	0.51	0.52
Net realized gain (loss)(1)(2)	(0.05)	0.04
Net change in unrealized appreciation (depreciation)(1)(2)	0.30	0.17
Income tax provision(1)(2)	0.01	(0.05)
Net increase in net assets resulting from operations(1)	0.77	0.68
Dividends paid to stockholders from net investment income	(0.51)	(0.50)
Dividends paid to stockholders from realized gains/losses		
Total dividends paid	(0.51)	(0.50)
Accretive effect of public stock offerings (issuing shares above NAV per share)	0.71	
Accretive effect of DRIP issuance (issuing shares above NAV per share)	0.02	0.03
Other(3)	0.03	0.04
NAV at the end of the period	\$ 21.87	\$ 20.14
Market value at the end of the period	\$ 30.90	\$ 32.86
Shares outstanding at the end of the period	49,564,361	39,945,148

(1) Based on weighted average number of common shares outstanding for the period.

(2) Net realized gains or losses, net change in unrealized appreciation or depreciation, and income taxes can fluctuate significantly from period to period.

(3) Includes the impact of the different share amounts as a result of calculating certain per share data based on the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end or transaction date.

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(in thousands, except percentages)</b>	
NAV at end of period	\$ 1,083,893	\$ 804,407
Average NAV	\$ 1,011,938	\$ 798,470
Average outstanding debt	\$ 722,820	\$ 543,482
Ratio of total expenses, including income tax expense, to average NAV(1)(2)	1.32%	1.47%
Ratio of operating expenses to average NAV(1)	1.35%	1.26%
Ratio of operating expenses, excluding interest expense, to average NAV(1)	0.58%	0.60%
Ratio of net investment income to average NAV(1)	2.32%	2.60%
Portfolio turnover ratio	4.30%	8.21%
Total investment return(3)	7.49%	1.97%
Total return based on change in NAV(4)	3.77%	3.44%

- (1) Total expenses are the sum of operating expenses and net income tax expense provision/benefit. Net income tax expense provision/benefit includes the accrual of net deferred tax expense provision/benefit on the net unrealized appreciation/depreciation on portfolio investments held in Taxable Subsidiaries and due to the change in net operating loss carryforwards, which are non-cash in nature and may vary significantly from period to period. Main Street is required to include net deferred tax expense provision/benefit in calculating its total expenses even though these net deferred taxes are not currently payable/receivable.
- (2) Not annualized.
- (3) Total investment return based on purchase of stock at the current market price on the first day and a sale at the current market price on the last day of each period reported on the table and assumes reinvestment of dividends at prices obtained by Main Street's dividend reinvestment plan during the period. The return does not reflect sales load.
- (4) Total return based on change in net asset value was calculated using the sum of ending net asset value plus dividends to stockholders and other non-operating changes during the period, as divided by the beginning net asset value.

**NOTE I DIVIDENDS, DISTRIBUTIONS AND TAXABLE INCOME**

Main Street paid regular monthly dividends of \$0.170 per share for each month of January through March 2015, totaling \$23.0 million, or \$0.510 per share for the three months ended March 31, 2015. The first quarter 2015 regular monthly dividends represent a 3% increase from the regular monthly dividends paid for the first quarter of 2014. During the first quarter 2015, Main Street declared and accrued a \$0.175 per share regular monthly dividend that was paid in April 2015. For the three months ended March 31, 2014, Main Street paid total regular monthly dividends of \$19.7 million, or \$0.495 per share.

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the

Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)**

Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% U.S Federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the U.S federal income tax return for the applicable fiscal year.

The determination of the tax attributes for Main Street's distributions is made annually, based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on an interim basis may not be representative of the actual tax attributes of distributions for a full year. Ordinary dividend distributions from a RIC do not qualify for the 20% maximum tax rate (plus a 3.8% Medicare surtax, if applicable) on dividend income from domestic corporations and qualified foreign corporations, except to the extent that the RIC received the income in the form of qualifying dividends from domestic corporations and qualified foreign corporations. The tax attributes for distributions will generally include both ordinary income and capital gains, but may also include qualified dividends or return of capital.

Listed below is a reconciliation of "Net increase in net assets resulting from operations" to taxable income and to total distributions declared to common stockholders for the three months ended March 31, 2015 and 2014.

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
	<b>(estimated, amounts in thousands)</b>	
Net increase in net assets resulting from operations	\$ 35,424	\$ 27,234
Book tax difference share-based compensation expense	1,090	853
Net change in unrealized appreciation	(13,762)	(6,717)
Income tax provision (benefit)	(291)	1,665
Pre-tax book (income) loss not consolidated for tax purposes	1,376	(470)
Book income and tax income differences, including debt origination, structuring fees, dividends, realized gains and changes in estimates	(601)	(186)
Estimated taxable income(1)	23,236	22,379
Taxable income earned in prior year and carried forward for distribution in current year	38,638	37,046
Taxable income earned prior to period end and carried forward for distribution next period	(46,527)	(46,259)
Dividend payable as of period end and paid in the following period	8,674	6,591
Total distributions accrued or paid to common stockholders	\$ 24,021	\$ 19,757

(1)

Main Street's taxable income for each period is an estimate and will not be finally determined until the company files its tax return for each year. Therefore, the final taxable income, and the taxable income earned in each period and carried forward for distribution in the following period, may be different than this estimate.

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

The Taxable Subsidiaries hold certain portfolio investments for Main Street. The Taxable Subsidiaries permit Main Street to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with Main Street for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in Main Street's consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in Main Street's consolidated financial statements.

As previously discussed (see above in Note A.2.), MSCC's wholly owned subsidiary MSCP is included in Main Street's consolidated financial statements for financing reporting purposes. For tax purposes, MSCP has elected to be treated as a taxable entity, and therefore is not consolidated with MSCC for income tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The taxable income, or loss, of MSCP may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in Main Street's consolidated financial statements.

The income tax expense, or benefit, and the related tax assets and liabilities, generated by the Taxable Subsidiaries and MSCP, if any, are reflected in Main Street's consolidated financial statements. For the three months ended March 31, 2015, Main Street recognized a net income tax benefit of \$0.3 million which principally consisted of a deferred tax benefit of \$0.7 million, partially offset by \$0.4 million of accruals for current U.S. federal income and excise taxes, state and other taxes. The deferred tax benefit is primarily the result of net unrealized depreciation on the portfolio investments held in the Taxable Subsidiaries. For the three months ended March 31, 2014, Main Street recognized a net income tax provision of \$1.7 million which principally consisted of deferred taxes of \$1.0 million, primarily as a result of net unrealized appreciation on the portfolio investments held in the Taxable Subsidiaries and other taxes of \$0.7 million, which includes a \$0.2 million accrual for excise tax on MSCC's estimated spillover taxable income and \$0.5 million related to accruals for state and other taxes.

The net deferred tax liability at March 31, 2015 and December 31, 2014 was \$8.6 million and \$9.2 million, respectively, primarily related to timing differences from net unrealized appreciation of portfolio investments held by the Taxable Subsidiaries, partially offset by net loss carryforwards (primarily resulting from historical realized losses on portfolio investments held by the Taxable Subsidiaries), basis differences of portfolio investments held by the Taxable Subsidiaries which are "pass-through" entities for tax purposes and excess deductions resulting from the restricted stock plans (see further discussion in Note L).

In accordance with the realization requirements of ASC 718, *Compensation Stock Compensation*, Main Street uses tax law ordering when determining when tax benefits related to equity compensation greater than equity compensation recognized for financial reporting should be realized. For the three months ended March 31, 2015, Main Street realized no increase to paid-in capital due to tax deductions related to equity compensation greater than equity compensation recognized for financial

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

reporting compared to \$0.3 million for the corresponding period in 2014. Additional paid-in capital increases of \$1.8 million will be recognized in future periods when such tax benefits are ultimately realized by reducing taxes payable.

**NOTE J COMMON STOCK**

During March 2015, Main Street completed a public equity offering of 4,370,000 shares of common stock, including the underwriters' full exercise of their option to purchase 570,000 additional shares, resulting in total net proceeds, including exercise of the underwriters' option to purchase additional shares and after deducting underwriting discounts and estimated offering expenses payable by Main Street, of approximately \$127.8 million.

During April 2014, Main Street completed a follow-on public equity offering of 4,600,000 shares of common stock, including the underwriters' full exercise of their option to purchase 600,000 additional shares, at a price to the public of \$31.50 per share, resulting in total net proceeds, including exercise of the underwriters' option to purchase additional shares and after deducting underwriting discounts and estimated offering expenses payable by Main Street, of approximately \$139.7 million.

**NOTE K DIVIDEND REINVESTMENT PLAN ("DRIP")**

Main Street's DRIP provides for the reinvestment of dividends on behalf of its stockholders, unless a stockholder has elected to receive dividends in cash. As a result, if Main Street declares a cash dividend, the company's stockholders who have not "opted out" of the DRIP by the dividend record date will have their cash dividend automatically reinvested into additional shares of MSCC common stock. The share requirements of the DRIP may be satisfied through the issuance of shares of common stock or through open market purchases of common stock. Newly issued shares will be valued based upon the final closing price of MSCC's common stock on the valuation date determined for each dividend by Main Street's Board of Directors. Shares purchased in the open market to satisfy the DRIP requirements will be valued based upon the average price of the applicable shares purchased, before any associated brokerage or other costs. Main Street's DRIP is administered by its transfer agent on behalf of Main Street's record holders and participating brokerage firms. Brokerage firms and other financial intermediaries may decide not to participate in Main Street's DRIP but may provide a similar dividend reinvestment plan for their clients.

For the three months ended March 31, 2015, \$3.5 million of the total \$23.0 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 116,330 newly issued shares and with the purchase of 3,131 shares of common stock in the open market. For the three months ended March 31, 2014, \$3.2 million of the total \$19.7 million in dividends paid to stockholders represented DRIP participation. During this period, the DRIP participation requirements were satisfied with the issuance of 93,328 newly issued shares. The shares disclosed above relate only to Main Street's DRIP and exclude any activity related to broker-managed dividend reinvestment plans.



Table of Contents**MAIN STREET CAPITAL CORPORATION****Notes to Consolidated Financial Statements (Continued)****(Unaudited)****NOTE L SHARE-BASED COMPENSATION**

Main Street accounts for its share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, Main Street measured the grant date fair value based upon the market price of its common stock on the date of the grant and amortizes the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

Main Street's Board of Directors approves the issuance of shares of restricted stock to Main Street employees pursuant to the Main Street Capital Corporation 2008 Equity Incentive Plan. These shares generally vest over a four-year period from the grant date. The fair value is expensed over the service period, starting on the grant date. The following table summarizes the restricted stock issuances approved by Main Street's Board of Directors, net of shares forfeited, and the remaining shares of restricted stock available for issuance as of March 31, 2015.

Restricted stock authorized under the plan	2,000,000
Less net restricted stock (granted)/forfeited on:	
July 1, 2008	(245,645)
July 1, 2009	(98,993)(1)
July 1, 2010	(149,357)
June 20, 2011	(116,909)(1)
June 20, 2012	(130,196)(1)
Quarter ended December 31, 2012	(12,476)
Quarter ended March 31, 2013	(725)(1)
Quarter ended June 30, 2013	(236,852)(1)
Quarter ended September 30, 2013	(12,688)(1)
Quarter ended December 31, 2013	(61)(1)
Quarter ended March 31, 2014	(397)
Quarter ended June 30, 2014	(209,130)(1)
Quarter ended September 30, 2014	(13,570)
Quarter ended March 31, 2015	(683)
Restricted stock available for issuance as of March 31, 2015	772,318

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(1) Shares indicated are net of forfeited shares.

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As of March 31, 2015, the following table summarizes the restricted stock issued to Main Street's independent directors and the remaining shares of restricted stock available for issuance pursuant to the Main Street Capital Corporation 2008 Non-Employee Director Restricted Stock Plan. These shares are granted upon appointment or election to the board and vest on the day immediately preceding the annual meeting of stockholders following the respective grant date and are expensed over such service period.

Restricted stock authorized under the plan	200,000
Less restricted stock granted on:	
July 1, 2008	(20,000)
July 1, 2009	(8,512)
July 1, 2010	(7,920)
June 20, 2011	(6,584)
August 3, 2011	(1,658)
June 20, 2012	(5,060)
June 13, 2013	(4,304)
August 6, 2013	(980)
May 29, 2014	(4,775)
Restricted stock available for issuance as of March 31, 2015	140,207

For the three months ended March 31, 2015 and 2014, Main Street recognized total share-based compensation expense of \$1.3 million and \$0.9 million, respectively, related to the restricted stock issued to Main Street employees and independent directors.

As of March 31, 2015, there was \$9.7 million of total unrecognized compensation expense related to Main Street's non-vested restricted shares. This compensation expense is expected to be recognized over a remaining weighted-average period of approximately 2.7 years as of March 31, 2015.

**NOTE M COMMITMENTS AND CONTINGENCIES**

At March 31, 2015, Main Street had a total of \$153.1 million in outstanding commitments comprised of (i) 30 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) six investments with capital commitments that had not been fully called.

Main Street may, from time to time, be involved in litigation arising out of its operations in the normal course of business or otherwise. Furthermore, third parties may try to impose liability on Main Street in connection with the activities of its portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, Main Street does not expect any current matters will materially affect its financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on Main Street's financial condition or results of operations in any future reporting period.

**NOTE N RELATED PARTY TRANSACTIONS**

As discussed further in Note D, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of Main Street's Investment Portfolio. At March 31, 2015, Main Street had a receivable of \$1.2 million due from the External Investment

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**MAIN STREET CAPITAL CORPORATION**

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

**(Unaudited)**

Manager which included approximately \$0.8 million related to operating expenses incurred by the MSCC or its subsidiaries required to support the External Investment Manager's business, along with dividends declared but not paid by the External Investment Manager of approximately \$0.4 million.

In June 2013, Main Street adopted a deferred compensation plan for the non-employee members of its board of directors, which allows the directors at their option to defer all or a portion of the fees paid for their services as directors and have such deferred fees paid in shares of Main Street common stock within 90 days following the termination of a participant's service as a director. As of March 31, 2015, \$0.6 million of directors' fees had been deferred under this plan. These deferred fees represented 18,672 shares of Main Street common shares. These shares will not be issued or included as outstanding on the consolidated statement of changes in net assets until each applicable participant's end of service as a director, but are included in operating expenses and weighted-average shares outstanding on Main Street's consolidated statement of operations as earned.

**NOTE O SUBSEQUENT EVENTS**

In April 2015, Main Street declared a semi-annual supplemental cash dividend of \$0.275 per share payable in June 2015. The semi-annual supplemental dividend is unchanged from the semi-annual supplemental dividend paid in June 2014. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that Main Street declared for the second quarter of 2015 of \$0.175 per share for each of April, May and June 2015.

In April 2015, Main Street fully exited its investment in California Healthcare Medical Billing, Inc. ("CHMB"), a provider of outsourced medical billing, revenue cycle management, practice management and electronic health record (EHR) solutions to physicians, clinics, hospitals and health systems throughout the United States. Main Street made its initial investment in CHMB in October 2008, and realized a gain of approximately \$3.3 million on the redemption of its equity and warrant positions by CHMB.

In April 2015, Main Street amended the Credit Facility to increase total commitments from \$572.5 million to \$597.5 million and increase the accordion feature of the Credit Facility from \$650.0 million to \$750.0 million. The \$25.0 million increase in total commitments was the result of a commitment increase by one of the existing lenders in the facility. The recent increase in total commitments was executed under the accordion feature of the Credit Facility which allows for an increase in total commitments under the facility up to \$750.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

In May 2015, Main Street declared regular monthly dividends of \$0.175 per share for each month of July, August and September of 2015. These regular monthly dividends equal a total of \$0.525 per share for the third quarter of 2015 and represent a 6.1% increase from the regular monthly dividends declared for the third quarter of 2014. Including the regular monthly dividends declared for the third quarter of 2015 and the semi-annual supplemental dividend payable in June 2015, Main Street will have paid \$15.065 per share in cumulative dividends since its October 2007 initial public offering.

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The information in this section contains forward-looking statements that involve risks and uncertainties. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission (the "SEC") on February 27, 2015 for a discussion of the uncertainties, risks and assumptions associated with these statements. You should read the following discussion in conjunction with the consolidated financial statements and related notes and other financial information included in the Annual Report on Form 10-K for the year ended December 31, 2014.*

**ORGANIZATION**

Main Street Capital Corporation ("MSCC") is a principal investment firm primarily focused on providing customized debt and equity financing to lower middle market ("LMM") companies and debt capital to middle market ("Middle Market") companies. The portfolio investments of MSCC and its consolidated subsidiaries are typically made to support management buyouts, recapitalizations, growth financings, refinancings and acquisitions of companies that operate in diverse industry sectors. MSCC seeks to partner with entrepreneurs, business owners and management teams and generally provide "one stop" financing alternatives within its LMM portfolio. MSCC and its consolidated subsidiaries invest primarily in secured debt investments, equity investments, warrants and other securities of LMM companies based in the United States and in secured debt investments of Middle Market companies generally headquartered in the United States.

MSCC was formed in March 2007 to operate as an internally managed business development company ("BDC") under the Investment Company Act of 1940, as amended (the "1940 Act"). MSCC wholly owns several investment funds, including, but not limited to, Main Street Mezzanine Fund, LP ("MSMF") and Main Street Capital II, LP ("MSC II" and, together with MSMF, the "Funds"), and each of their general partners. The Funds are each licensed as a Small Business Investment Company ("SBIC") by the United States Small Business Administration ("SBA"). Because MSCC is internally managed, all of the executive officers and other employees are employed by MSCC. Therefore, MSCC does not pay any external investment advisory fees but instead incurs the operating costs associated with employing investment and portfolio management professionals.

MSC Adviser I, LLC (the "External Investment Manager") was formed in November 2013 as a wholly owned subsidiary of MSCC to provide investment management and other services to parties other than MSCC and its subsidiaries ("External Parties") and receive fee income for such services. MSCC has been granted no-action relief by the Securities and Exchange Commission ("SEC") to allow the External Investment Manager to register as a registered investment adviser ("RIA") under Investment Advisers Act of 1940, as amended (the "Advisers Act"). Since the External Investment Manager conducts all of its investment management activities for parties outside of MSCC and its consolidated subsidiaries or their portfolio companies, it is accounted for as a portfolio investment of MSCC and is not included as a consolidated subsidiary of MSCC in MSCC's consolidated financial statements.

MSCC has elected to be treated for U.S. federal income tax purposes as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). As a result, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that it distributes to its stockholders.

MSCC has certain direct and indirect wholly owned subsidiaries that have elected to be taxable entities (the "Taxable Subsidiaries"). The primary purpose of the Taxable Subsidiaries is to permit MSCC to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes. The External Investment Manager is also a direct wholly owned subsidiary that has elected to

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be a taxable entity. The Taxable Subsidiaries and the External Investment Manager are each taxed at their normal corporate tax rates based on their taxable income.

Unless otherwise noted or the context otherwise indicates, the terms "we," "us," "our" and "Main Street" refer to MSCC and its consolidated subsidiaries, which include the Funds and the Taxable Subsidiaries.

**OVERVIEW**

Our principal investment objective is to maximize our portfolio's total return by generating current income from our debt investments and capital appreciation from our equity and equity related investments, including warrants, convertible securities and other rights to acquire equity securities in a portfolio company. Our LMM companies generally have annual revenues between \$10 million and \$150 million, and our LMM portfolio investments generally range in size from \$5 million to \$50 million. Our Middle Market investments are made in businesses that are generally larger in size than our LMM portfolio companies, with annual revenues typically between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our private loan ("Private Loan") investments are made in businesses that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio.

Our other portfolio ("Other Portfolio") investments primarily consist of investments which are not consistent with the typical profiles for our LMM, Middle Market or Private Loan portfolio investments, including investments which may be managed by third parties. In our Other Portfolio, we may incur indirect fees and expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the three months ended March 31, 2015 and 2014 are net of expenses of \$0.8 million and \$0.3 million, respectively, charged to the External Investment Manager. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

We seek to fill the financing gap for LMM businesses, which, historically, have had more limited access to financing from commercial banks and other traditional sources. The underserved nature of the LMM creates the opportunity for us to meet the financing needs of LMM companies while also negotiating favorable transaction terms and equity participations. Our ability to invest across a company's capital structure, from secured loans to equity securities, allows us to offer portfolio companies a comprehensive suite of financing options, or a "one stop" financing solution. Providing customized, "one stop" financing solutions is important to LMM portfolio companies. We generally seek to partner directly with entrepreneurs, management teams and business owners in making our investments. Our LMM portfolio debt investments are generally secured by a first lien on the assets of the portfolio company and typically have a term of between five and seven years from the original

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investment date. We believe that our LMM investment strategy has limited correlation to the broader debt and equity markets.

In addition to our LMM investment strategy, we pursue investments in Middle Market companies. Our Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest bearing debt securities in privately held companies that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have an expected duration of between three and seven years from the original investment date.

Our Private Loan portfolio investments primarily consist of investments in interest bearing debt securities in companies that are consistent with the size of the companies included in our LMM portfolio or our Middle Market portfolio, but are investments that have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

The following tables provide a summary of our investments in the LMM, Middle Market and Private Loan portfolios as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager which are discussed further below):

	As of March 31, 2015		
	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	68	89	37
Fair value	\$ 778.3	\$ 627.8	\$ 247.7
Cost	\$ 640.7	\$ 642.8	\$ 261.8
% of total investments at cost debt	70.3%	99.1%	96.1%
% of total investments at cost equity	29.7%	0.9%	3.9%
% of debt investments at cost secured by first priority lien	89.8%	85.2%	87.2%
Weighted-average annual effective yield(b)	13.1%	7.9%	9.9%
Average EBITDA(c)	\$ 5.4	\$ 95.8	\$ 12.1

(a) At March 31, 2015, we had equity ownership in approximately 94% of our LMM portfolio companies and the average fully diluted equity ownership in those portfolio companies was approximately 36%.

(b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of March 31, 2015, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.

(c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted-average for the Middle Market and Private Loan portfolios. These calculations exclude three LMM portfolio companies, one Middle Market portfolio company and five Private Loan portfolio

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companies as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies.

**As of December 31, 2014**

	LMM(a)	Middle Market	Private Loan
	(dollars in millions)		
Number of portfolio companies	66	86	31
Fair value	\$ 733.2	\$ 542.7	\$ 213.0
Cost	\$ 599.4	\$ 561.8	\$ 224.0
% of total investments at cost debt	71.5%	99.8%	95.6%
% of total investments at cost equity	28.5%	0.2%	4.4%
% of debt investments at cost secured by first priority lien	89.6%	85.1%	87.8%
Weighted-average annual effective yield(b)	13.2%	7.8%	10.1%
Average EBITDA(c)	\$ 5.0	\$ 77.2	\$ 18.1

- (a) At December 31, 2014, we had equity ownership in approximately 95% of our LMM portfolio companies and our average fully diluted equity ownership in those portfolio companies was approximately 35%.
- (b) The weighted-average annual effective yields were computed using the effective interest rates for all debt investments at cost as of December 31, 2014, including amortization of deferred debt origination fees and accretion of original issue discount but excluding fees payable upon repayment of the debt instruments and any debt investments on non-accrual status.
- (c) The average EBITDA is calculated using a simple average for the LMM portfolio and a weighted average for the Middle Market and Private Loan portfolios. These calculations exclude two LMM portfolio companies, one Middle Market portfolio company and five Private Loan portfolio companies as EBITDA is not a meaningful valuation metric for our investments in these portfolio companies.

As of March 31, 2015, we had Other Portfolio investments in six companies, collectively totaling approximately \$58.7 million in fair value and approximately \$55.6 million in cost basis and which comprised approximately 3.4% of our Investment Portfolio (as defined in "Critical Accounting Policies Basis of Presentation" below). As of December 31, 2014, we had Other Portfolio investments in six companies, collectively totaling approximately \$58.9 million in fair value and approximately \$56.2 million in cost basis and which comprised approximately 3.8% of our Investment Portfolio at fair value.

As previously discussed, the External Investment Manager is a wholly owned subsidiary that is treated as a portfolio investment. As of March 31, 2015, there was no cost basis in this investment and the investment had a fair value of \$24.8 million, which comprised 1.4% of our Investment Portfolio at fair value. As of December 31, 2014, there was no cost basis in this investment and the investment had a fair value of \$15.6 million, which comprised 1.0% of our Investment Portfolio at fair value.

Our portfolio investments are generally made through MSCC and the Funds. MSCC and the Funds share the same investment strategies and criteria, although they are subject to different regulatory regimes. An investor's return in MSCC will depend, in part, on the Funds' investment returns as they are wholly owned subsidiaries of MSCC.

The level of new portfolio investment activity will fluctuate from period to period based upon our view of the current economic fundamentals, our ability to identify new investment opportunities that meet our investment criteria, and our ability to consummate the identified opportunities. The level of new investment activity, and associated interest and fee income, will directly impact future investment

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income. In addition, the level of dividends paid by portfolio companies and the portion of our portfolio debt investments on non-accrual status will directly impact future investment income. While we intend to grow our portfolio and our investment income over the long term, our growth and our operating results may be more limited during depressed economic periods. However, we intend to appropriately manage our cost structure and liquidity position based on applicable economic conditions and our investment outlook. The level of realized gains or losses and unrealized appreciation or depreciation on our investments will also fluctuate depending upon portfolio activity, economic conditions and the performance of our individual portfolio companies. The changes in realized gains and losses and unrealized appreciation or depreciation could have a material impact on our operating results.

Because we are internally managed, we do not pay any external investment advisory fees, but instead incurs the operating costs associated with employing investment and portfolio management professionals itself. We believe that our internally managed structure provides us with a beneficial operating expense structure when compared to other publicly traded and privately held investment firms which are externally managed, and our internally managed structure allows us the opportunity to leverage our non-interest operating expenses as we grow our Investment Portfolio. For the three months ended March 31, 2015, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% on an annualized basis which is consistent with the ratio on an annualized basis for the three months ended March 31, 2014 and for the year ended December 31, 2014.

During May 2012, we entered into an investment sub-advisory agreement with HMS Adviser, LP ("HMS Adviser"), which is the investment advisor to HMS Income Fund, Inc. ("HMS Income"), a non-publicly traded BDC whose registration statement on Form N-2 was declared effective by the SEC in June 2012, to provide certain investment advisory services to HMS Adviser. In December 2013, after obtaining required no-action relief from the SEC to allow us to own a registered investment adviser, we assigned the sub-advisory agreement to the External Investment Manager since the fees received from such arrangement could otherwise have negative consequences on MSCC's ability to meet the source-of-income requirement necessary for us to maintain our RIC tax treatment. Under the investment sub-advisory agreement, the External Investment Manager is entitled to 50% of the base management fee and the incentive fees earned by HMS Adviser under its advisory agreement with HMS Income. Based upon several fee waiver agreements with HMS Income and HMS Adviser, the External Investment Manager did not begin accruing the base management fee and incentive fees, if any, until January 1, 2014. Beginning January 1, 2015, the External Investment Manager conditionally agreed to waive a limited amount of the base management fee and incentive fees otherwise earned during the year ended December 31, 2015. During the three months ended March 31, 2015 and 2014, the External Investment Manager earned \$1.4 million and \$0.3 million, respectively, of management fees (net of fees waived, if any) under the sub-advisory agreement with HMS Adviser.

During April 2014, we received an exemptive order from the SEC permitting co-investments by us and HMS Income in certain negotiated transactions where co-investing would otherwise be prohibited under the 1940 Act. We have made, and in the future intend to continue to make, such co-investments with HMS Income in accordance with the conditions of the order. The order requires, among other things, that we and the External Investment Manager consider whether each such investment opportunity is appropriate for HMS Income and, if it is appropriate, to propose an allocation of the investment opportunity between us and HMS Income.

**CRITICAL ACCOUNTING POLICIES**

*Basis of Presentation*

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). For each of the periods presented herein, our



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consolidated financial statements include the accounts of MSCC and its consolidated subsidiaries. The Investment Portfolio, as used herein, refers to all of our investments in LMM portfolio companies, investments in Middle Market portfolio companies, Private Loan portfolio investments, Other Portfolio investments, and the investment in the External Investment Manager, but excludes all "Marketable securities and idle funds investments". "Marketable securities and idle funds investments" are classified as financial instruments and are reported separately on our consolidated balance sheets and consolidated schedules of investments due to the nature of such investments. Our results of operations for the three months ended March 31, 2015 and 2014, cash flows for the three months ended March 31, 2015 and 2014, and financial position as of March 31, 2015 and December 31, 2014, are presented on a consolidated basis. The effects of all intercompany transactions between us and our consolidated subsidiaries have been eliminated in consolidation. Certain reclassifications have been made to prior period balances to conform to the current presentation, including reclassifying the expenses charged to the External Investment Manager.

Our accompanying unaudited consolidated financial statements are presented in conformity with U.S. GAAP for interim financial information and pursuant to the requirements for reporting on Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain disclosures accompanying annual financial statements prepared in accordance with U.S. GAAP are omitted. In the opinion of management, the unaudited consolidated financial results included herein contain all adjustments, consisting solely of normal recurring accruals, considered necessary for the fair presentation of financial statements for the interim periods included herein. The results of operations for the three months ended March 31, 2015 and 2014 are not necessarily indicative of the operating results to be expected for the full year. Also, the unaudited financial statements and notes should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014. Financial statements prepared on a U.S. GAAP basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Under regulations pursuant to Article 6 of Regulation S-X applicable to BDCs and Accounting Standards Codification ("Codification" or "ASC") 946, *Financial Services Investment Companies* ("ASC 946"), we are precluded from consolidating other entities in which we have equity investments, including those in which we have a controlling interest, unless the other entity is another investment company. An exception to this general principle in ASC 946 occurs if we hold a controlling interest in an operating company that provides all or substantially all of its services directly to us or to one of our portfolio companies. Accordingly, as noted above, our consolidated financial statements include the financial position and operating results for the Funds and the Taxable Subsidiaries. Our consolidated financial statements also include the financial position and operating results for our wholly owned operating subsidiary, Main Street Capital Partners, LLC, ("MSCP"), as the wholly owned subsidiary provides all of its services directly or indirectly to Main Street or our portfolio companies. We have determined that all of our portfolio investments do not qualify for this exception, including the investment in the External Investment Manager. Therefore, our Investment Portfolio is carried on the consolidated balance sheet at fair value with any adjustments to fair value recognized as "Net Change in Unrealized Appreciation (Depreciation)" on the consolidated statements of operations until the investment is realized, usually upon exit, resulting in any gain or loss being recognized as a "Net Realized Gain (Loss)."

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***Investment Portfolio Valuation***

The most significant determination inherent in the preparation of our consolidated financial statements is the valuation of our Investment Portfolio and the related amounts of unrealized appreciation and depreciation. As of March 31, 2015 and December 31, 2014, our Investment Portfolio valued at fair value represented approximately 95% and 92% of our total assets, respectively. We are required to report our investments at fair value. We follow the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"). ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements. ASC 820 requires us to assume that the portfolio investment is to be sold in the principal market to independent market participants, which may be a hypothetical market. Market participants are defined as buyers and sellers in the principal market that are independent, knowledgeable and willing and able to transact.

Our portfolio strategy calls for us to invest primarily in illiquid debt and equity securities issued by private, LMM companies and more liquid debt securities issued by Middle Market companies that are generally larger in size than the LMM companies. We categorize some of our investments in LMM companies and Middle Market companies as Private Loan portfolio investments, which are primarily debt securities issued by companies that are consistent in size with either the LMM companies or Middle Market companies, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. The structure, terms and conditions for these Private Loan investments are typically consistent with the structure, terms and conditions for the investments made in our LMM portfolio or Middle Market portfolio. Our portfolio also includes Other Portfolio investments which primarily consist of investments that are not consistent with the typical profiles for our LMM portfolio investments, Middle Market portfolio investments or Private Loan portfolio investments, including investments which may be managed by third parties. Our portfolio investments may be subject to restrictions on resale.

LMM investments and Other Portfolio investments generally have no established trading market while Middle Market securities generally have established markets that are not active. Private Loan investments may include investments which have no established trading market or have established markets that are not active. We determine in good faith the fair value of our Investment Portfolio pursuant to a valuation policy in accordance with ASC 820 and a valuation process approved by our Board of Directors and in accordance with the 1940 Act. Our valuation policies and processes are intended to provide a consistent basis for determining the fair value of our Investment Portfolio.

For LMM portfolio investments, we generally review external events, including private mergers, sales and acquisitions involving comparable companies, and include these events in the valuation process by using an enterprise value waterfall methodology ("Waterfall") for our LMM equity investments and an income approach using a yield-to-maturity model ("Yield-to-Maturity") for our LMM debt investments. For Middle Market portfolio investments, we primarily use quoted prices in the valuation process. We determine the appropriateness of the use of third-party broker quotes, if any, in determining fair value based on our understanding of the level of actual transactions used by the broker to develop the quote and whether the quote was an indicative price or binding offer, the depth and consistency of broker quotes and the correlation of changes in broker quotes with underlying performance of the portfolio company and other market indices. For Middle Market and Private Loan portfolio investments in debt securities for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value the investment in a current hypothetical sale using the Yield-to-Maturity valuation method. For our Other Portfolio equity investments, we generally calculate the fair value of the investment primarily based on the net asset value ("NAV") of the fund. All of the valuation approaches for our portfolio investments estimate the value of the investment as if we were to sell, or exit, the investment as of the measurement date.

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These valuation approaches consider the value associated with our ability to control the capital structure of the portfolio company, as well as the timing of a potential exit. For valuation purposes, "control" portfolio investments are composed of debt and equity securities in companies for which we have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors. For valuation purposes, "non-control" portfolio investments are generally composed of debt and equity securities in companies for which we do not have a controlling interest in the equity ownership of the portfolio company or the ability to nominate a majority of the portfolio company's board of directors.

Under the Waterfall valuation method, we estimate the enterprise value of a portfolio company using a combination of market and income approaches or other appropriate valuation methods, such as considering recent transactions in the equity securities of the portfolio company or third-party valuations of the portfolio company, and then perform a waterfall calculation by using the enterprise value over the portfolio company's securities in order of their preference relative to one another. The enterprise value is the fair value at which an enterprise could be sold in a transaction between two willing parties, other than through a forced or liquidation sale. Typically, private companies are bought and sold based on multiples of EBITDA, cash flows, net income, revenues, or in limited cases, book value. There is no single methodology for estimating enterprise value. For any one portfolio company, enterprise value is generally described as a range of values from which a single estimate of enterprise value is derived. In estimating the enterprise value of a portfolio company, we analyze various factors including the portfolio company's historical and projected financial results. The operating results of a portfolio company may include unaudited, projected, budgeted or pro forma financial information and may require adjustments for non-recurring items or to normalize the operating results that may require significant judgment in our determination. In addition, projecting future financial results requires significant judgment regarding future growth assumptions. In evaluating the operating results, we also analyze the impact of exposure to litigation, loss of customers or other contingencies. After determining the appropriate enterprise value, we allocate the enterprise value to investments in order of the legal priority of the various components of the portfolio company's capital structure. In applying the Waterfall valuation method, we assume the loans are paid off at the principal amount in a change in control transaction and are not assumed by the buyer, which we believe is consistent with our past transaction history and standard industry practices.

Under the Yield-to-Maturity valuation method, we use the income approach to determine the fair value of debt securities, based on projections of the discounted future free cash flows that the debt security will likely generate, including analyzing the discounted cash flows of interest and principal amounts for the debt security, as set forth in the associated loan agreements, as well as the financial position and credit risk of each of these portfolio investments. Our estimate of the expected repayment date of our debt securities is generally the legal maturity date of the instrument, as we generally intend to hold our loans and debt securities to maturity. The Yield-to-Maturity analysis considers changes in leverage levels, credit quality, portfolio company performance and other factors. We will use the value determined by the Yield-to-Maturity analysis as the fair value for that security; however, because of our general intent to hold our loans to maturity, the fair value will not exceed the principal amount of the debt security valued using the Yield-to-Maturity valuation method. A change in the assumptions that we use to estimate the fair value of our debt securities using the Yield-to-Maturity valuation method could have a material impact on the determination of fair value. If there is deterioration in credit quality or if a debt security is in workout status, we may consider other factors in determining the fair value of the debt security, including the value attributable to the debt security from the enterprise value of the portfolio company or the proceeds that would most likely be received in a liquidation analysis.

Under the NAV valuation method, for an investment in an investment fund that does not have a readily determinable fair value, we measure the fair value of the investment predominately based on the NAV of the investment fund as of the measurement date. However, in determining the fair value of

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the investment, we may consider whether adjustments to the NAV are necessary in certain circumstances, based on the analysis of any restrictions on redemption of our investment as of the measurement date, recent actual sales or redemptions of interests in the investment fund, and expected future cash flows available to equity holders, including the rate of return on those cash flows compared to an implied market return on equity required by market participants, or other uncertainties surrounding our ability to realize the full NAV of our interests in the investment fund.

Pursuant to our internal valuation process and the requirements under the 1940 Act, we perform valuation procedures on our portfolio investments quarterly. In addition to our internal valuation process, in determining the estimates of fair value for our investments in LMM portfolio companies, we, among other things, consult with a nationally recognized independent financial advisory services firm. The nationally recognized independent financial advisory services firm is generally consulted relative to our investments in each LMM portfolio company at least once in every calendar year, and for our investments in new LMM portfolio companies, at least once in the twelve-month period subsequent to the initial investment. In certain instances, we may determine that it is not cost-effective, and as a result is not in our stockholders' best interest, to consult with the nationally recognized independent financial advisory services firm on our investments in one or more LMM portfolio companies. Such instances include, but are not limited to, situations where the fair value of our investment in a LMM portfolio company is determined to be insignificant relative to the total Investment Portfolio. We consulted with our independent financial advisory services firm in arriving at our determination of fair value on our investments in a total of 15 LMM portfolio companies for the three months ended March 31, 2015, representing approximately 23% of the total LMM portfolio at fair value as of March 31, 2015, and on a total of 17 LMM portfolio companies for the three months ended March 31, 2014, representing approximately 29% of the total LMM portfolio at fair value as of March 31, 2014. Excluding our investments in new LMM portfolio companies which have not been in the Investment Portfolio for at least twelve months subsequent to the initial investment as of March 31, 2015 and 2014, as applicable, and our investments in the LMM portfolio companies that were not reviewed because their equity is publicly traded, the percentage of the LMM portfolio reviewed by our independent financial advisory services firm for the three months ended March 31, 2015 and 2014 was 27% and 32% of the total LMM portfolio at fair value as of March 31, 2015 and 2014, respectively.

For valuation purposes, all of our Middle Market portfolio investments are non-control investments. To the extent sufficient observable inputs are available to determine fair value, we use observable inputs to determine the fair value of these investments through obtaining third-party quotes or other independent pricing. For Middle Market portfolio investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Middle Market debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Middle Market equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of our Private Loan portfolio investments are non-control investments. For Private Loan portfolio investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Private Loan debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method and such Private Loan equity investments in a current hypothetical sale using the Waterfall valuation method.

For valuation purposes, all of our Other Portfolio investments are non-control investments. Our Other Portfolio investments comprised approximately 3.4% and 3.8%, respectively, of our Investment Portfolio at fair value as of March 31, 2015 and December 31, 2014. Similar to the LMM investment portfolio, market quotations for Other Portfolio equity investments are generally not readily available. For our Other Portfolio equity investments, we generally determine the fair value of our investments

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using the NAV valuation method. For Other Portfolio debt investments, we generally determine the fair value of these investments through obtaining third-party quotes or other independent pricing to the extent that these inputs are available and appropriate to determine fair value. For Other Portfolio debt investments for which we have determined that third-party quotes or other independent pricing are not available or appropriate, we generally estimate the fair value based on the assumptions that we believe hypothetical market participants would use to value such Other Portfolio debt investments in a current hypothetical sale using the Yield-to-Maturity valuation method.

For valuation purposes, our investment in the External Investment Manager is a control investment. Market quotations are not readily available for this investment, and as a result, we determine the fair value of the External Investment Manager using the Waterfall valuation method under the market approach. In estimating the enterprise value, we analyze various factors, including the entity's historical and projected financial results, as well as its size, marketability and performance relative to the population of market multiples. This valuation approach estimates the value of the investment as if we were to sell, or exit, the investment. In addition, we consider the value associated with our ability to control the capital structure of the company, as well as the timing of a potential exit.

Due to the inherent uncertainty in the valuation process, our determination of fair value for our Investment Portfolio may differ materially from the values that would have been determined had a ready market for the securities existed. In addition, changes in the market environment, portfolio company performance and other events that may occur over the lives of the investments may cause the gains or losses ultimately realized on these investments to be materially different than the valuations currently assigned. We determine the fair value of each individual investment and record changes in fair value as unrealized appreciation or depreciation.

Our Board of Directors has the final responsibility for overseeing, reviewing and approving, in good faith, our determination of the fair value for our Investment Portfolio and our valuation procedures, consistent with 1940 Act requirements. We believe our Investment Portfolio as of March 31, 2015 and 2014 approximates fair value as of those dates based on the markets in which we operate and other conditions in existence on those reporting dates.

***Revenue Recognition***

*Interest and Dividend Income*

We record interest and dividend income on the accrual basis to the extent amounts are expected to be collected. Dividend income is recorded as dividends are declared by the portfolio company or at the point an obligation exists for the portfolio company to make a distribution. In accordance with our valuation policies, we evaluate accrued interest and dividend income periodically for collectability. When a loan or debt security becomes 90 days or more past due, and if we otherwise do not expect the debtor to be able to service all of its debt or other obligations, we will generally place the loan or debt security on non-accrual status and cease recognizing interest income on that loan or debt security until the borrower has demonstrated the ability and intent to pay contractual amounts due. If a loan or debt security's status significantly improves regarding the debtor's ability to service the debt or other obligations, or if a loan or debt security is fully impaired, sold or written off, we remove it from non-accrual status.

*Fee Income*

We may periodically provide services, including structuring and advisory services, to our portfolio companies or other third parties. For services that are separately identifiable and evidence exists to substantiate fair value, fee income is recognized as earned, which is generally when the investment or other applicable transaction closes. Fees received in connection with debt financing transactions for

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services that do not meet these criteria are treated as debt origination fees and are deferred and accreted into interest income over the life of the financing.

*Payment-in-Kind ("PIK") Interest and Cumulative Dividends*

We hold certain debt and preferred equity instruments in our Investment Portfolio that contain payment-in-kind ("PIK") interest and cumulative dividend provisions. The PIK interest, computed at the contractual rate specified in each debt agreement, is periodically added to the principal balance of the debt and is recorded as interest income. Thus, the actual collection of this interest may be deferred until the time of debt principal repayment. Cumulative dividends are recorded as dividend income, and any dividends in arrears are added to the balance of the preferred equity investment. The actual collection of these dividends in arrears may be deferred until such time as the preferred equity is redeemed or sold. To maintain RIC tax treatment (as discussed below), these non-cash sources of income may need to be paid out to stockholders in the form of distributions, even though we may not have collected the PIK interest and cumulative dividends in cash. We stop accruing PIK interest and cumulative dividends and write off any accrued and uncollected interest and dividends in arrears when we determine that such PIK interest and dividends in arrears are no longer collectible. For the three months ended March 31, 2015 and 2014, (i) approximately 2.2% and 5.4%, of our total investment income was attributable to PIK interest income not paid currently in cash and (ii) approximately 1.0% and 1.2%, respectively, of our total investment income was attributable to cumulative dividend income not paid currently in cash.

*Share-Based Compensation*

We account for our share-based compensation plans using the fair value method, as prescribed by ASC 718, *Compensation Stock Compensation*. Accordingly, for restricted stock awards, we measure the grant date fair value based upon the market price of our common stock on the date of the grant and amortize the fair value of the awards as share-based compensation expense over the requisite service period, which is generally the vesting term.

*Income Taxes*

MSCC has elected to be treated for U.S. federal income tax purposes as a RIC. MSCC's taxable income includes the taxable income generated by MSCC and certain of its subsidiaries, including the Funds, which are treated as disregarded entities for tax purposes. As a RIC, MSCC generally will not pay corporate-level U.S. federal income taxes on any net ordinary income or capital gains that MSCC distributes to its stockholders. MSCC must generally distribute at least 90% of its investment company taxable income to qualify for pass-through tax treatment and maintain its RIC status. As part of maintaining RIC status, undistributed taxable income (subject to a 4% U.S. Federal excise tax) pertaining to a given fiscal year may be distributed up to 12 months subsequent to the end of that fiscal year, provided such dividends are declared prior to the filing of the U.S. federal income tax return for the applicable fiscal year.

The Taxable Subsidiaries hold certain portfolio investments for us. The Taxable Subsidiaries permit us to hold equity investments in portfolio companies which are "pass-through" entities for tax purposes and to continue to comply with the "source-income" requirements contained in the RIC tax provisions of the Code. The Taxable Subsidiaries are consolidated with us for U.S. GAAP financial reporting purposes, and the portfolio investments held by the Taxable Subsidiaries are included in our consolidated financial statements as portfolio investments and recorded at fair value. The Taxable Subsidiaries are not consolidated with MSCC for income tax purposes and may generate income tax expense, or benefit, and tax assets and liabilities, as a result of their ownership of certain portfolio investments. The taxable income, or loss, of the Taxable Subsidiaries may differ from their book income, or loss, due to temporary book and tax timing differences and permanent differences. This

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income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in our consolidated financial statements.

As previously discussed, MSCC's wholly owned subsidiary MSCP is included in our consolidated financial statements for financing reporting purposes. For tax purposes, MSCP has elected to be treated as a taxable entity, and therefore is not consolidated with MSCC for income tax purposes and is taxed at normal corporate tax rates based on its taxable income and, as a result of its activities, may generate income tax expense or benefit. The taxable income, or loss, of MSCP may differ from its book income, or loss, due to temporary book and tax timing differences and permanent differences. This income tax expense, or benefit, if any, and the related tax assets and liabilities, are reflected in our consolidated financial statements.

The Taxable Subsidiaries and MSCP use the liability method in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, using statutory tax rates in effect for the year in which the temporary differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

Taxable income generally differs from net income for financial reporting purposes due to temporary and permanent differences in the recognition of income and expenses. Taxable income generally excludes net unrealized appreciation or depreciation, as investment gains or losses are not included in taxable income until they are realized.

**INVESTMENT PORTFOLIO COMPOSITION**

LMM portfolio investments primarily consist of secured debt, equity warrants and direct equity investments in privately held, LMM companies based in the United States. Our LMM portfolio companies generally have annual revenues between \$10 million and \$150 million, and our LMM investments generally range in size from \$5 million to \$50 million. The LMM debt investments are typically secured by either a first or second priority lien on the assets of the portfolio company, generally bear interest at fixed rates, and generally have a term of between five and seven years from the original investment date. In most LMM portfolio companies, we receive nominally priced equity warrants and/or make direct equity investments in connection with a debt investment.

Middle Market portfolio investments primarily consist of direct investments in or secondary purchases of interest-bearing debt securities in privately held companies based in the United States that are generally larger in size than the companies included in our LMM portfolio. Our Middle Market portfolio companies generally have annual revenues between \$150 million and \$1.5 billion, and our Middle Market investments generally range in size from \$3 million to \$15 million. Our Middle Market portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our Private Loan portfolio investments primarily consist of investments in interest-bearing debt securities in companies that are consistent with the size of companies in our LMM portfolio or our Middle Market portfolio, but are investments which have been originated through strategic relationships with other investment funds on a collaborative basis. Our Private Loan portfolio debt investments are generally secured by either a first or second priority lien on the assets of the portfolio company and typically have a term of between three and seven years from the original investment date.

Our Other Portfolio investments primarily consist of investments which are not consistent with the typical profiles for LMM, Middle Market and Private Loan portfolio investments, including investments which may be managed by third parties. In the Other Portfolio, we may incur indirect fees and

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expenses in connection with investments managed by third parties, such as investments in other investment companies or private funds.

Our external asset management business is conducted through our External Investment Manager. We have entered into an agreement to provide the External Investment Manager with asset management service support in connection with its asset management business generally, and specifically for its relationship with HMS Income Fund, Inc. ("HMS Income"). Through this agreement, we provide management and other services to the External Investment Manager, as well as access to our employees, infrastructure, business relationships, management expertise and capital raising capabilities. In the first quarter of 2014, we began charging the External Investment Manager for these services. Our total expenses for the three months ended March 31, 2015 and 2014 are net of expenses of \$0.8 million and \$0.3 million. The External Investment Manager earns management fees based on the assets of the funds under management and may earn incentive fees, or a carried interest, based on the performance of the funds managed.

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at cost and fair value by type of investment as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
First lien debt	75.6%	75.7%
Equity	11.9%	11.6%
Second lien debt	10.0%	10.0%
Equity warrants	1.4%	1.5%
Other	1.1%	1.2%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
First lien debt	67.4%	66.9%
Equity	21.4%	21.9%
Second lien debt	9.3%	9.2%
Equity warrants	1.0%	1.0%
Other	0.9%	1.0%
	100.0%	100.0%

The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by geographic region of the United States or other countries at cost and fair value as a percentage of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments as of March 31, 2015 and December 31, 2014 (this information excludes the Other



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Portfolio investments and the External Investment Manager). The geographic composition is determined by the location of the corporate headquarters of the portfolio company.

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Southwest	31.6%	29.6%
Northeast	21.1%	19.9%
West	16.9%	18.7%
Southeast	14.2%	15.4%
Midwest	13.7%	13.5%
Canada	0.6%	0.7%
Other Non-United States	1.9%	2.2%
	100.0%	100.0%

<b>Fair Value:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Southwest	35.7%	33.7%
Northeast	19.8%	18.3%
West	18.0%	20.4%
Midwest	12.7%	12.7%
Southeast	11.5%	12.4%
Canada	0.6%	0.6%
Other Non-United States	1.7%	1.9%
	100.0%	100.0%

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Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments are in companies conducting business in a variety of industries. The following tables summarize the composition of our total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments by industry at cost and fair value as of March 31, 2015 and December 31, 2014 (this information excludes the Other Portfolio investments and the External Investment Manager).

<b>Cost:</b>	<b>March 31, 2015</b>	<b>December 31, 2014</b>
Media	7.5%	8.3%
Energy Equipment & Services	7.4%	8.3%
IT Services	6.7%	5.9%
Machinery	6.0%	6.5%
Hotels, Restaurants & Leisure	5.6%	5.6%
Software	5.5%	5.4%
Specialty Retail	4.8%	4.7%
Construction & Engineering	4.7%	5.3%
Health Care Providers & Services	4.6%	4.9%
Internet Software & Services	3.7%	1.9%
Diversified Telecommunication Services	3.6%	4.0%
Diversified Consumer Services	3.2%	2.9%
Electronic Equipment, Instruments & Components	2.4%	3.0%
Oil, Gas & Consumable Fuels	2.4%	2.5%
Pharmaceuticals	2.4%	1.8%
Food Products	2.2%	1.8%
Auto Components	2.0%	2.3%
Building Products	2.0%	1.1%
Health Care Equipment & Supplies	1.9%	2.1%
Road & Rail	1.7%	1.8%
Aerospace & Defense	1.3%	1.2%
Textiles, Apparel & Luxury Goods	1.2%	1.3%
Chemicals	1.2%	1.3%
Diversified Financial Services	1.2%	1.0%
Air Freight & Logistics	1.2%	0.9%
Leisure Equipment & Products	1.2%	0.5%
Trading Companies & Distributors	1.1%	1.2%
Professional Services	1.1%	1.1%
Commercial Services & Supplies	1.0%	1.0%
Distributors	0.9%	1.0%
Other(1)	8.3%	9.4%
	100.0%	100.0%

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(1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

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Fair Value:	March 31, 2015	December 31, 2014
Machinery	7.4%	8.1%
Media	6.8%	7.7%
Energy Equipment & Services	6.5%	7.9%
IT Services	6.2%	5.4%
Software	5.7%	5.5%
Hotels, Restaurants & Leisure	5.6%	5.6%
Construction & Engineering	5.1%	5.5%
Specialty Retail	5.0%	4.9%
Diversified Consumer Services	4.7%	4.4%
Health Care Providers & Services	4.2%	4.4%
Internet Software & Services	4.0%	2.3%
Diversified Telecommunication Services	3.3%	3.8%
Auto Components	2.3%	2.5%
Road & Rail	2.3%	2.3%
Pharmaceuticals	2.3%	1.7%
Food Products	2.1%	1.6%
Electronic Equipment, Instruments & Components	2.0%	2.5%
Oil, Gas & Consumable Fuels	2.0%	1.9%
Health Care Equipment & Supplies	1.8%	1.9%
Building Products	1.7%	0.9%
Air Freight & Logistics	1.4%	0.8%
Aerospace & Defense	1.2%	1.1%
Diversified Financial Services	1.2%	1.0%
Textiles, Apparel & Luxury Goods	1.1%	1.2%
Chemicals	1.1%	1.2%
Leisure Equipment & Products	1.1%	0.4%
Trading Companies & Distributors	1.0%	1.1%
Commercial Services & Supplies	1.0%	1.0%
Professional Services	1.0%	1.0%
Paper & Forest Products	0.9%	1.2%
Distributors	0.9%	1.0%
Other(1)	7.1%	8.2%
	100.0%	100.0%

- (1) Includes various industries with each industry individually less than 1.0% of the total combined LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments at each date.

Our LMM portfolio investments, Middle Market portfolio investments and Private Loan portfolio investments carry a number of risks including, but not limited to: (1) investing in companies which may have limited operating histories and financial resources; (2) holding investments that generally are not publicly traded and which may be subject to legal and other restrictions on resale; and (3) other risks common to investing in below investment grade debt and equity investments in our Investment Portfolio. Please see "Risk Factors - Risks Related to Our Investments" contained in our Form 10-K for the fiscal year ended December 31, 2014 for a more complete discussion of the risks involved with investing in our Investment Portfolio.

### **PORTFOLIO ASSET QUALITY**

We utilize an internally developed investment rating system to rate the performance of each LMM portfolio company and to monitor our expected level of returns on each of our LMM investments in relation to our expectations for the portfolio company. The investment rating system takes into



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consideration various factors, including but not limited to each investment's expected level of returns and the collectability of our debt investments, comparisons to competitors and other industry participants and the portfolio company's future outlook.

Investment Rating 1 represents a LMM portfolio company that is performing in a manner which significantly exceeds expectations.

Investment Rating 2 represents a LMM portfolio company that, in general, is performing above expectations.

Investment Rating 3 represents a LMM portfolio company that is generally performing in accordance with expectations.

Investment Rating 4 represents a LMM portfolio company that is underperforming expectations. Investments with such a rating require increased monitoring and scrutiny by us.

Investment Rating 5 represents a LMM portfolio company that is significantly underperforming. Investments with such a rating require heightened levels of monitoring and scrutiny by us and involve the recognition of significant unrealized depreciation on such investment.

All new LMM portfolio investments receive an initial Investment Rating of 3.

The following table shows the distribution of our LMM portfolio investments on the 1 to 5 investment rating scale at fair value as of March 31, 2015 and December 31, 2014:

Investment Rating	As of March 31, 2015		As of December 31, 2014	
	Investments at Fair Value	Percentage of Total Portfolio	Investments at Fair Value	Percentage of Total Portfolio
	(in thousands, except percentages)			
1	\$ 282,487	36.2%	\$ 287,693	39.2%
2	168,539	21.7%	133,266	18.2%
3	232,851	29.9%	239,100	32.6%
4	83,116	10.7%	61,475	8.4%
5	11,307	1.5%	11,657	1.6%
Total	\$ 778,300	100.0%	\$ 733,191	100.0%

Based upon our investment rating system, the weighted-average rating of our LMM portfolio was approximately 2.2 as of both March 31, 2015 and December 31, 2014.

As of March 31, 2015, our total Investment Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.2% of its fair value and 3.9% of its cost, and no fully impaired investments. As of December 31, 2014, our total Investment Portfolio had five investments with positive fair value on non-accrual status, which comprised approximately 1.7% of its fair value and 4.7% of its cost, and no fully impaired investments.

The operating results of our portfolio companies are impacted by changes in the broader fundamentals of the United States economy. In the event that the United States economy contracts, it is likely that the financial results of small-to mid-sized companies, like those in which we invest, could experience deterioration or limited growth from current levels, which could ultimately lead to difficulty in meeting their debt service requirements and an increase in defaults. Consequently, we can provide no assurance that the performance of certain portfolio companies will not be negatively impacted by economic cycles or other conditions, which could also have a negative impact on our future results.

Table of Contents**DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS***Comparison of the three months ended March 31, 2015 and March 31, 2014*

	Three Months Ended March 31,		Net Change	
	2015	2014	Amount	%
	(in thousands)			
Total investment income	\$ 37,179	\$ 30,776	\$ 6,403	21%
Total expenses	(13,688)	(10,037)	(3,651)	36%
Net investment income	23,491	20,739	2,752	13%
Net realized gain (loss) from investments	(2,120)	1,443	(3,563)	
Net realized income	21,371	22,182	(811)	(4)%
Net change in unrealized appreciation (depreciation) from:				
Portfolio investments	14,204	6,857	7,347	
SBIC debentures and marketable securities and idle funds	(442)	(140)	(302)	
Total net change in unrealized appreciation	13,762	6,717	7,045	
Income tax benefit (provision)	291	(1,665)	1,956	(117)%
Net increase in net assets resulting from operations	\$ 35,424	\$ 27,234	\$ 8,190	30%

	Three Months Ended March 31,		Net Change	
	2015	2014	Amount	%
	(in thousands, except per share amounts)			
Net investment income	\$ 23,491	\$ 20,739	\$ 2,752	13%
Share-based compensation expense	1,263	853	410	48%
Distributable net investment income(a)	24,754	21,592	3,162	15%
Net realized gain (loss) from investments	(2,120)	1,443	(3,563)	
Distributable net realized income(a)	\$ 22,634	\$ 23,035	\$ (401)	(2)%
Distributable net investment income per share Basic and diluted(a)	\$ 0.54	\$ 0.54	\$	0%
Distributable net realized income per share Basic and diluted(a)	\$ 0.49	\$ 0.58	\$ (0.09)	(16)%

(a)

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Distributable net investment income and distributable net realized income are net investment income and net realized income, respectively, as determined in accordance with U.S. GAAP, excluding the impact of share-based compensation expense which is non-cash in nature. We believe presenting distributable net investment income and distributable net realized income, and related per share amounts, is useful and appropriate supplemental disclosure of information for analyzing our financial performance since share-based compensation does not require settlement in cash. However, distributable net investment income and distributable net realized income are non-U.S. GAAP measures and should not be considered as a replacement to net investment income, net realized income, and other earnings measures presented in accordance with U.S. GAAP. Instead, distributable net investment income and distributable net realized income should be reviewed only in connection with such U.S. GAAP measures in analyzing our financial performance. A reconciliation of net investment income and net realized income in accordance with U.S. GAAP to distributable net investment income and distributable net realized income is presented in the table above.

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*Investment Income*

For the three months ended March 31, 2015, total investment income was \$37.2 million, a 21% increase over the \$30.8 million of total investment income for the corresponding period of 2014. This comparable period increase was principally attributable to (i) a \$4.3 million increase in interest income primarily from higher average levels of portfolio debt investments, (ii) a \$1.1 million increase in dividend income from Investment Portfolio equity investments and (iii) a \$0.8 million increase in fee income. The \$6.4 million increase in total investment income in the three months ended March 31, 2015 included a \$0.6 million net decrease in the amount of total investment income related to accelerated prepayment and repricing activity for certain Investment Portfolio debt investments when compared to the same period in 2014.

*Expenses*

For the three months ended March 31, 2015, total expenses increased to \$13.7 million from \$10.0 million for the corresponding period of 2014. This comparable period increase in operating expenses was principally attributable to (i) a \$2.5 million increase in interest expense, primarily as a result of (a) the issuance of our 4.50% Notes due 2019 (the "4.50% Notes") in November 2014 and (b) an increase in interest expense from our SBIC debentures due to a higher average interest rate, when compared to the prior year, (ii) a \$1.1 million increase in compensation expense related to increases in the number of personnel, base compensation and incentive compensation accruals and (iii) a \$0.4 million increase in share-based compensation expense, with these increases partially offset by (i) a \$0.5 million increase in the expenses charged to the External Investment Manager (see further discussion in "Overview"), in each case when compared to the prior year. For the three months ended March 31, 2015, the ratio of our total operating expenses, excluding interest expense, as a percentage of our quarterly average total assets was 1.4% on an annualized basis which is consistent with the ratio on an annualized basis for the three months ended March 31, 2014 and for the year ended December 31, 2014.

*Distributable Net Investment Income*

Distributable net investment income increased 15% to \$24.8 million, or \$0.54 per share, compared with \$21.6 million, or \$0.54 per share, in the corresponding period of 2014. The increase in distributable net investment income was primarily due to the higher level of total investment income, partially offset by higher operating expenses as discussed above. Distributable net investment income on a per share basis for the three months ended March 31, 2015 reflects (i) a decrease of approximately \$0.02 per share from the comparable period in 2014 attributable to the net decrease in the comparable levels of accelerated prepayment and repricing activity for certain Investment Portfolio debt investments, and (ii) a greater number of average shares outstanding compared to the corresponding period in 2014 primarily due to the April 2014 and March 2015 equity offerings.

*Net Investment Income*

Net investment income for the three months ended March 31, 2015 was \$23.5 million, or a 13% increase, compared to net investment income of \$20.7 million for the corresponding period of 2014. The increase in net investment income was principally attributable to the increase in total investment income, partially offset by higher operating expenses as discussed above.

*Distributable Net Realized Income*

Distributable net realized income was \$22.6 million, or \$0.49 per share, for the three months ended March 31, 2015 compared with \$23.0 million, or \$0.58 per share, in the corresponding period of 2014. The \$0.4 million decrease was attributable to the \$3.2 million increase in total distributable net



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investment income in the three months ended March 31, 2015 when compared to the corresponding period of 2014 as discussed above, offset by to the \$3.6 million decrease in the net realized gain (loss) from investments from the comparable period in the prior year due to a net realized loss from investments of \$2.1 million in the three months ended March 31, 2015. The net realized loss from investments of \$2.1 million during the three months ended March 31, 2015 was primarily attributable to the net realized loss of \$2.6 million on the restructuring of a Middle Market investment, partially offset by net realized gains on several Investment Portfolio investments.

#### *Net Realized Income*

The \$0.8 million decrease in net realized income compared with the corresponding period of 2014 was due to the higher level of net investment income in the three months ended March 31, 2015, offset by the \$3.6 million decrease in the net realized gain (loss) from investments in the three months ended March 31, 2015 when compared to the corresponding period of 2014, in each case as discussed above.

#### *Net Increase in Net Assets Resulting from Operations*

The net increase in net assets resulting from operations during the three months ended March 31, 2015 was \$35.4 million, or \$0.77 per share, compared with \$27.2 million, or \$0.68 per share, during the three months ended March 31, 2014. This increase from the prior year was primarily the result of (i) a \$2.8 million increase in net investment income and (ii) a \$7.0 million increase in the net change in unrealized appreciation to a net change in unrealized appreciation of \$13.8 million for the three months ended March 31, 2015 and (iii) a \$2.0 million decrease in the income tax provision from the prior year to an income tax benefit of \$0.3 million for the three months ended March 31, 2015, with these changes partially offset by a \$3.6 million decrease in the net realized gain (loss) from investments to a net realized loss of \$2.1 million for the three months ended March 31, 2015.

The following table provides a summary of the total net change in unrealized appreciation of \$13.8 million for the first quarter of 2015:

	<b>Three Months Ended March 31, 2015</b>					<b>Total</b>
	<b>LMM(a)</b>	<b>Middle Market</b>	<b>Private Loan</b>	<b>Other(b)</b>		
	(dollars in millions)					
Accounting reversals of net unrealized (appreciation)/depreciation recognized in prior periods due to net realized (gains)/losses recognized during period	\$ 0.1	\$ 2.5	\$ (0.4)	\$	\$ 2.2	
Net unrealized appreciation (depreciation) relating to portfolio investments	3.8	1.6	(3.1)	9.7	12.0	
<b>Total net unrealized appreciation/(depreciation) relating to portfolio investments</b>	<b>\$ 3.9</b>	<b>\$ 4.1</b>	<b>\$ (3.5)</b>	<b>\$ 9.7</b>	<b>14.2</b>	
Net unrealized appreciation relating to marketable securities						0.3
Unrealized depreciation relating to SBIC debentures(c)						(0.7)
<b>Total net unrealized appreciation/(depreciation)</b>						<b>\$ 13.8</b>

(a) LMM includes unrealized appreciation on 22 LMM portfolio investments and unrealized depreciation on 13 LMM portfolio investments.

(b) Other includes \$9.3 million of unrealized appreciation relating to the External Investment Manager and \$0.4 million of net unrealized appreciation relating to the Other Portfolio.



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- (c) Relates to unrealized depreciation on the SBIC debentures held by MSC II which are accounted for on a fair value basis.

The income tax benefit for the three months ended March 31, 2015 of \$0.3 million principally consisted of (i) a deferred tax benefit of \$0.7 million, which is primarily the result of deferred taxes on net unrealized depreciation on our portfolio investments held in our Taxable Subsidiaries and the change in net operating loss carryforwards, both of which are non-cash in nature, and (ii) other current taxes of \$0.4 million, which is primarily related to accruals for U.S. federal income and excise taxes, state and other taxes.

*Liquidity and Capital Resources*

*Cash Flows*

For the three months ended March 31, 2015, we experienced a net decrease in cash and cash equivalents in the amount of \$38.4 million, which is the net result of \$92.6 million of cash used for our operating activities and \$54.2 million provided by financing activities.

During the period, we used \$92.6 million of cash for our operating activities, which resulted primarily from (i) cash flows we generated from the operating profits earned through our operating activities totaling \$22.2 million, which is our \$24.8 million of distributable net investment income, excluding the non-cash effects of the accretion of unearned income of \$2.0 million, payment-in-kind interest income of \$0.8 million, cumulative dividends of \$0.4 million and the amortization expense for deferred financing costs of \$0.6 million, (ii) cash uses totaling \$265.2 million which primarily resulted from (a) the funding of new portfolio company investments and settlement of accruals for portfolio investments existing as of December 31, 2014, which together total \$256.0 million, (b) the funding of new Marketable securities and idle funds investments and settlement of accruals for Marketable securities and idle funds investments existing as of December 31, 2014, which together total \$2.0 million, (c) \$7.1 million related to decreases in payables and accruals and (d) increases in other assets of \$0.1 million, and (iii) cash proceeds totaling \$150.4 million from (a) \$149.1 million in cash proceeds from the repayments of debt investments and sales of equity investments and (b) \$1.3 million of cash proceeds from the sale of Marketable securities and idle funds investments.

During the three months ended March 31, 2015, \$54.2 million in cash was provided by financing activities, which principally consisted of \$127.8 million in net cash proceeds from a public equity offering in March 2015, partially offset by (i) \$54.0 million in net cash repayments of the Credit Facility and (ii) \$19.5 million in cash dividends paid to stockholders.

*Capital Resources*

As of March 31, 2015, we had \$22.0 million in cash and cash equivalents, \$9.9 million in Marketable securities and idle funds investments and \$408.5 million of unused capacity under the Credit Facility, which we maintain to support our investment and operating activities. As of March 31, 2015, our net asset value totaled \$1,083.9 million, or \$21.87 per share.

The Credit Facility includes total commitments of \$572.5 million from a diversified group of fifteen lenders and matures in September 2019. The Credit Facility also contains an accordion feature which allows us to increase the total commitments under the facility up to \$650.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

Borrowings under the Credit Facility bear interest, subject to our election, on a per annum basis equal to (i) the applicable LIBOR rate (0.17% as of March 31, 2015) plus 2.00%, as long as we maintain an investment grade rating (or 2.25% if we do not maintain an investment grade rating) or (ii) the applicable base rate (Prime Rate of 3.25% as of March 31, 2015) plus 1.00%, as long as we maintain an investment grade rating (or 1.25% if we do not maintain an investment grade rating). We

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pay unused commitment fees of 0.25% per annum on the unused lender commitments under the Credit Facility. The Credit Facility is secured by a first lien on the assets of MSCC and its subsidiaries, excluding the equity ownership or assets of the Funds and the External Investment Manager. The Credit Facility contains certain affirmative and negative covenants, including but not limited to: (i) maintaining a minimum availability of at least 10% of the borrowing base, (ii) maintaining an interest coverage ratio of at least 2.0 to 1.0, (iii) maintaining an asset coverage ratio of at least 1.5 to 1.0, and (iv) maintaining a minimum tangible net worth. The Credit Facility is provided on a revolving basis through its final maturity date in September 2019, and contains two, one-year extension options which could extend the final maturity by up to two years, subject to certain conditions, including lender approval. As of March 31, 2015, we had \$164.0 million in borrowings outstanding under the Credit Facility, the interest rate on the Credit Facility was 2.2% and we were in compliance with all financial covenants of the Credit Facility.

Due to each of the Funds' status as a licensed SBIC, we have the ability to issue, through the Funds, debentures guaranteed by the SBA at favorable interest rates. Under the regulations applicable to SBIC funds, an SBIC can have outstanding debentures guaranteed by the SBA generally in an amount up to twice its regulatory capital, which effectively approximates the amount of its equity capital, up to a regulatory maximum amount of debentures of \$225.0 million. Debentures guaranteed by the SBA have fixed interest rates that equal prevailing 10-year Treasury Note rates plus a market spread and have a maturity of ten years with interest payable semi-annually. The principal amount of the debentures is not required to be paid before maturity, but may be pre-paid at any time with no prepayment penalty. On March 31, 2015, through our two wholly owned SBICs, we had \$225.0 million of outstanding SBIC debentures guaranteed by the SBA, which bear a weighted average annual fixed interest rate of approximately 4.2%, paid semi-annually, and mature ten years from issuance. The first maturity related to our SBIC debentures does not occur until 2017, and the remaining weighted average duration is approximately 6.3 years as of March 31, 2015.

In April 2013, we issued \$92.0 million, including the underwriters' full exercise of their over-allotment option, in aggregate principal amount of the 6.125% Notes. The 6.125% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 6.125% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness, including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 6.125% Notes mature on April 1, 2023, and may be redeemed in whole or in part at any time or from time to time at our option on or after April 1, 2018. We may from time to time repurchase 6.125% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2015, the outstanding balance of the 6.125% Notes was \$90.8 million.

The indenture governing the 6.125% Notes (the "6.125% Notes Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 6.125% Notes and the Trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 6.125% Notes Indenture.

In November 2014, we issued \$175.0 million in aggregate principal amount of the 4.50% Notes at an issue price of 99.53%. The 4.50% Notes are unsecured obligations and rank pari passu with our current and future senior unsecured indebtedness; senior to any of our future indebtedness that expressly provides it is subordinated to the 4.50% Notes; effectively subordinated to all of our existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness,

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including borrowings under our Credit Facility; and structurally subordinated to all existing and future indebtedness and other obligations of any of our subsidiaries, including without limitation, the indebtedness of the Funds. The 4.50% Notes mature on December 1, 2019, and may be redeemed in whole or in part at any time at our option subject to certain make whole provisions. The 4.50% Notes bear interest at a rate of 4.50% per year payable semi-annually on June 1 and December 1 of each year, beginning June 1, 2015. We may from time to time repurchase 4.50% Notes in accordance with the 1940 Act and the rules promulgated thereunder. As of March 31, 2015, the outstanding balance of the 4.50% Notes was \$175.0 million.

The indenture governing the 4.50% Notes (the "4.50% Notes Indenture") contains certain covenants, including covenants requiring our compliance with (regardless of whether we are subject to) the asset coverage requirements set forth in Section 18(a)(1)(A) as modified by Section 61(a)(1) of the 1940 Act, as well as covenants requiring us to provide financial information to the holders of the 4.50% Notes and the Trustee if we cease to be subject to the reporting requirements of the Securities Exchange Act of 1934. These covenants are subject to limitations and exceptions that are described in the 4.50% Notes Indenture.

During April 2014, we completed a follow-on public equity offering of 4,600,000 shares of common stock, including the underwriters' full exercise of their option to purchase 600,000 additional shares, at a price to the public of \$31.50 per share, resulting in total net proceeds, including exercise of the underwriters' option to purchase additional shares and after deducting underwriting discounts and estimated offering expenses payable by us, of approximately \$139.7 million.

During March 2015, we completed a public equity offering of 4,370,000 shares of common stock, including the underwriters' full exercise of their option to purchase 570,000 additional shares, resulting in total net proceeds, including exercise of the underwriters' option to purchase additional shares and after deducting underwriting discounts and estimated offering expenses payable by us, of approximately \$127.8 million.

We anticipate that we will continue to fund our investment activities through existing cash and cash equivalents, the liquidation of Marketable securities and idle funds investments, and a combination of future debt and equity capital. Our primary uses of funds will be investments in portfolio companies, operating expenses and cash distributions to holders of our common stock.

We periodically invest excess cash balances into Marketable securities and idle funds investments. The primary investment objective of Marketable securities and idle funds investments is to generate incremental cash returns on excess cash balances prior to utilizing those funds for investment in our LMM, Middle Market and Private Loan portfolio investments. Marketable securities and idle funds investments generally consist of debt investments, independently rated debt investments, certificates of deposit with financial institutions, diversified bond funds and publicly traded debt and equity investments. The composition of Marketable securities and idle funds investments will vary in a given period based upon, among other things, changes in market conditions, the underlying fundamentals in our Marketable securities and idle funds investments, our outlook regarding future LMM, Middle Market and Private Loan portfolio investment needs, and any regulatory requirements applicable to us.

If our common stock trades below our net asset value per share, we will generally not be able to issue additional common stock at the market price unless our stockholders approve such a sale and our Board of Directors makes certain determinations. We did not seek stockholder authorization to sell shares of our common stock below the then current net asset value per share of our common stock at our 2014 or 2015 annual meetings of stockholders because our common stock price per share had been trading significantly above the current net asset value per share of our common stock. We would therefore need future approval from our stockholders to issue shares below the then current net asset value per share.

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In order to satisfy the Code requirements applicable to a RIC, we intend to distribute to our stockholders, after consideration and application of our ability under the Code to spillover certain excess undistributed taxable income from one tax year into the next tax year, substantially all of our taxable income. In addition, as a BDC, we generally are required to meet a coverage ratio of total assets to total senior securities, which include borrowings and any preferred stock we may issue in the future, of at least 200%. This requirement limits the amount that we may borrow. In January 2008, we received an exemptive order from the SEC to exclude SBA guaranteed debt securities issued by MSMF and any other wholly owned subsidiaries of ours which operate as SBICs from the asset coverage requirements of the 1940 Act as applicable to us, which, in turn, enables us to fund more investments with debt capital.

Although we have been able to secure access to additional liquidity, including recent public equity and debt offerings, our \$572.5 million Credit Facility, and the available leverage through the SBIC program, there is no assurance that debt or equity capital will be available to us in the future on favorable terms, or at all.

***Recently Issued or Adopted Accounting Standards***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-9 supersedes the revenue recognition requirements under ASC Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. The core principle of the guidance is that 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 an entity expects to be entitled in exchange for those goods or services. Under the new guidance, an entity is required to perform the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new guidance will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. Additionally, the guidance requires improved disclosures as to the nature, amount, timing and uncertainty of revenue that is recognized. The FASB tentatively decided to defer the effective date of the new revenue standard for public entities under U.S. GAAP for one year. If finalized, the new guidance will be effective for the annual reporting period beginning after December 15, 2017, including interim periods within that reporting period. Early adoption would be permitted for annual reporting periods beginning after December 15, 2016. We are currently evaluating the impact the adoption of this new accounting standard will have on our financial statements.

In April 2015, the FASB issued ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which changes the presentation of debt issuance costs in financial statements. ASU 2015-03 requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs will continue to be reported as interest expense. It is effective for annual reporting periods beginning after December 15, 2016. Early adoption is permitted. The new guidance will be applied retrospectively to each prior period presented. The impact of the adoption of this new accounting standard on our consolidated financial statements is currently being evaluated.

From time to time, new accounting pronouncements are issued by the FASB or other standards setting bodies that are adopted by us as of the specified effective date. We believe that the impact of recently issued standards and any that are not yet effective will not have a material impact on our financial statements upon adoption.

Table of Contents***Inflation***

Inflation has not had a significant effect on our results of operations in any of the reporting periods presented herein. However, our portfolio companies have experienced, and may in the future experience, the impacts of inflation on their operating results, including periodic escalations in their costs for labor, raw materials and third party services and required energy consumption.

***Off-Balance Sheet Arrangements***

We may be a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financial needs of our portfolio companies. These instruments include commitments to extend credit and involve, to varying degrees, elements of liquidity and credit risk in excess of the amount recognized in the balance sheet. At March 31, 2015, we had a total of \$153.1 million in outstanding commitments comprised of (i) 30 investments with commitments to fund revolving loans that had not been fully drawn or term loans with additional commitments not yet funded and (ii) six investments with capital commitments that had not been fully called.

***Contractual Obligations***

As of March 31, 2015, the future fixed commitments for cash payments in connection with our SBIC debentures and the 4.50% Notes and the 6.125% Notes for each of the next five years and thereafter are as follows:

	2015	2016	2017	2018	2019	2020 and thereafter	Total
	(dollars in thousands)						
SBIC debentures	\$	\$	\$ 15,000	\$ 10,200	\$ 20,000	\$ 179,800	225,000
Interest due on SBIC debentures	4,748	9,448	9,423	8,130	7,807	17,601	57,157
Notes 6.125%						90,810	90,810
Interest due on 6.125% Notes	4,171	5,562	5,562	5,562	5,562	19,467	45,886
4.50% Notes					175,000		175,000
Interest due on 4.50% Notes	8,444	7,875	7,875	7,875	7,875		39,944
<b>Total</b>	<b>\$ 17,363</b>	<b>\$ 22,885</b>	<b>\$ 37,860</b>	<b>\$ 31,767</b>	<b>\$ 216,244</b>	<b>\$ 307,678</b>	<b>\$ 633,797</b>

As of March 31, 2015, we had \$164.0 million in borrowings outstanding under our Credit Facility, and the Credit Facility is currently scheduled to mature in September 2019. The Credit Facility contains two, one-year extension options which could extend the maturity to September 2021. See further discussion of the Credit Facility terms in "Liquidity and Capital Resources Capital Resources".

***Related Party Transactions***

As discussed further above, the External Investment Manager is treated as a wholly owned portfolio company of MSCC and is included as part of our Investment Portfolio. At March 31, 2015, we had a receivable of \$1.2 million due from the External Investment Manager which included approximately \$0.8 million related to operating expenses incurred by us required to support the External Investment Manager's business, along with dividends declared but not paid by the External Investment Manager of approximately \$0.4 million.

In June 2013, we adopted a deferred compensation plan for the non-employee members of our board of directors, which allows the directors at their option to defer all or a portion of the fees paid for their services as directors and have such deferred fees paid in shares of our common stock within 90 days after the participant's end of service as a director. As of March 31, 2015, \$0.6 million of directors' fees had been deferred under this plan. These deferred fees represented 18,672 shares of our common shares. These shares will not be issued or included as outstanding on the consolidated

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statement of changes in net assets until each applicable participant's end of service as a director, but are included in operating expenses and weighted-average shares outstanding on our consolidated statement of operations as earned.

***Recent Developments***

In April 2015, we declared a semi-annual supplemental cash dividend of \$0.275 per share payable in June 2015. The semi-annual supplemental dividend is unchanged from the semi-annual supplemental dividend paid in June 2014. This supplemental cash dividend is in addition to the previously announced regular monthly cash dividends that we declared for the second quarter of 2015 of \$0.175 per share for each of April, May and June 2015.

In April 2015, we fully exited our investment in California Healthcare Medical Billing, Inc. ("CHMB"), a provider of outsourced medical billing, revenue cycle management, practice management and electronic health record (EHR) solutions to physicians, clinics, hospitals and health systems throughout the United States. We made our initial investment in CHMB in October 2008, and realized a gain of approximately \$3.3 million on the redemption of our equity and warrant positions by CHMB.

In April 2015, we amended the Credit Facility to increase total commitments from \$572.5 million to \$597.5 million and increase the accordion feature of the Credit Facility from \$650.0 million to \$750.0 million. The \$25.0 million increase in total commitments was the result of a commitment increase by one of the existing lenders in the facility. The recent increase in total commitments was executed under the accordion feature of the Credit Facility which allows for an increase in total commitments under the facility up to \$750.0 million from new and existing lenders on the same terms and conditions as the existing commitments.

During May 2015, we declared regular monthly dividends of \$0.175 per share for each month of July, August and September of 2015. These regular monthly dividends equal a total of \$0.525 per share for the third quarter of 2015 and represent a 6.1% increase from the regular monthly dividends declared for the third quarter of 2014. Including the regular monthly dividends declared for the third quarter of 2015 and the semi-annual supplemental dividend payable in June 2015, we will have paid \$15.065 per share in cumulative dividends since our October 2007 initial public offering.

**Item 3. *Quantitative and Qualitative Disclosures about Market Risk***

We are subject to financial market risks, including changes in interest rates. Changes in interest rates may affect both our cost of funding and our interest income from portfolio investments and Marketable securities and idle funds investments. Our risk management systems and procedures are designed to identify and analyze our risk, to set appropriate policies and limits and to continually monitor these risks. Our investment income will be affected by changes in various interest rates, including LIBOR and prime rates, to the extent of any debt investments that include floating interest rates. The majority of our debt investments are made with either fixed interest rates or floating rates that are subject to contractual minimum interest rates for the term of the investment. As of March 31, 2015, approximately 57% of our debt investment portfolio (at cost) bore interest at floating rates, all of which were subject to contractual minimum interest rates. As of March 31, 2015, none of our Marketable securities and idle funds investments (at cost) bore interest at floating rates. Our interest expense will be affected by changes in the published LIBOR rate in connection with our Credit Facility; however, the interest rates on our outstanding SBIC debentures and our 4.50% Notes and 6.125% Notes, which comprise the majority of our outstanding debt, are fixed for the life of such debt. As of March 31, 2015, we had not entered into any interest rate hedging arrangements. The following table shows the approximate annualized increase (decrease) in the components of net investment income due to hypothetical base rate changes in interest rates, assuming no changes in our investments and borrowings as of March 31, 2015. The hypothetical results would also be impacted by the changes in



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the amount of debt outstanding under our Credit Facility (with an increase (decrease) in the debt outstanding under the Credit Facility resulting in an increase (decrease) in the hypothetical interest expense).

Basis Point Change in Interest Rate	Interest	Interest	Net Investment
	Income	Expense	Income
	(dollars in thousands)		
100	\$ 1,740	\$ (1,640)	\$ 100
200	9,247	(3,280)	5,967
300	16,945	(4,920)	12,025
400	24,651	(6,560)	18,091
500	32,385	(8,200)	24,185

**Item 4. Controls and Procedures**

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15 of the Securities Exchange Act of 1934). Based on that evaluation, our Chairman, Chief Executive Officer and President, our Chief Financial Officer, our Chief Compliance Officer and our Chief Accounting Officer, have concluded that our current disclosure controls and procedures are effective in timely alerting them of material information relating to us that is required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934. There have been no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**PART II OTHER INFORMATION****Item 1. Legal Proceedings**

We may, from time to time, be involved in litigation arising out of our operations in the normal course of business or otherwise. Furthermore, third parties may try to seek to impose liability on us in connection with the activities of our portfolio companies. While the outcome of any current legal proceedings cannot at this time be predicted with certainty, we do not expect any current matters will materially affect our financial condition or results of operations; however, there can be no assurance whether any pending legal proceedings will have a material adverse effect on our financial condition or results of operations in any future reporting period.

**Item 1A. Risk Factors**

There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2014 that we filed with the SEC on February 27, 2015.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

During the three months ended March 31, 2015, we issued 116,330 shares of our common stock under our dividend reinvestment plan. These issuances were not subject to the registration requirements of the Securities Act of 1933, as amended. The aggregate value of the shares of common stock issued during the three months ended March 31, 2015 under the dividend reinvestment plan was approximately \$3.5 million.

**Item 6. Exhibits**

Listed below are the exhibits which are filed as part of this report (according to the number assigned to them in Item 601 of Regulation S-K):

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
10.1*	Fourth Amendment to Second Amended and Restated Credit Agreement dated April 29, 2015 (previously filed as Exhibit 10.1 to Main Street Capital Corporation's Current Report on Form 8-K filed on April 30, 2015 (File No. 1-33723)).
10.2*	Main Street Capital Corporation 2015 Equity and Incentive Plan (incorporated by reference to Exhibit 4.4 to Main Street Capital Corporation's Registration Statement on Form S-8 filed on May 5, 2015 (Reg. No. 333-203893))
10.3*	Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan (incorporated by reference to Exhibit 4.5 to Main Street Capital Corporation's Registration Statement on Form S-8 filed on May 5, 2015 (Reg. No. 333-203893))
10.4*	Form of Restricted Stock Agreement Main Street Capital Corporation 2015 Equity and Incentive Plan (incorporated by reference to Exhibit 4.6 to Main Street Capital Corporation's Registration Statement on Form S-8 filed on May 5, 2015 (Reg. No. 333-203893))
10.5*	Form of Restricted Stock Agreement Main Street Capital Corporation 2015 Non-Employee Director Restricted Stock Plan (incorporated by reference to Exhibit 4.7 to Main Street Capital Corporation's Registration Statement on Form S-8 filed on May 5, 2015 (Reg. No. 333-203893))
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.

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<b>Exhibit Number</b>	<b>Description of Exhibit</b>
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32.2	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).

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Exhibit previously filed with the Securities and Exchange Commission, as indicated, and incorporated herein by reference.

Management contract or compensatory plan or arrangement.

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**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 thereunto duly authorized.

**Main Street Capital Corporation**

Date: May 8, 2015

/s/ VINCENT D. FOSTER

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Vincent D. Foster  
*Chairman, President and Chief Executive Officer*  
*(principal executive officer)*

Date: May 8, 2015

/s/ BRENT D. SMITH

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Brent D. Smith  
*Chief Financial Officer and Treasurer*  
*(principal financial officer)*

Date: May 8, 2015

/s/ SHANNON D. MARTIN

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Shannon D. Martin  
*Vice President and Chief Accounting Officer*  
*(principal accounting officer)*

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